PURCHASING BEST PRACTICES

BGSU Procurement Guide

BEST PRACTICES

The information provided here is designed to assist you in navigating your purchasing journey at BGSU. The Purchasing Team is committed to helping you at any stage in the procurement process.

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INTRODUCTION
The intent of this best practices guide is to assist you in accomplishing procurement-related duties in accordance with University, State and Federal policies and procedures. There are multiple ways to purchase goods and services at BGSU depending on the dollar value and type of purchase. This guide begins with detailed descriptions of purchasing terms that will help you understand your options. These terms are followed by several easy to use reference charts and decision trees to help select the best path forward.

In addition to this guide, the Purchasing website contains our Staff contact information and other helpful links. Hyperlink: BGSU Purchasing webpage
PURCHASE METHODS

1. **Punchouts in Falcon’s Purch**

Punchouts are catalogs on the Falcon’s Purch webpage used to shop for and purchase items from contracted vendors. This is the most efficient way to purchase items since additional quotes or contracts are not necessary and pricing has already been negotiated. In addition, reordering is easier and approval process is faster. Punchouts remain active as long as there is sufficient activity and a valid contract is on file. Instructions for purchasing via a punchout are on the Falcon’s Purch webpage under Training Documents. [Hyperlink: Shopper Training Guide]

2. **Purchase Order (PO) in Falcon’s Purch**

If a punchout does not exist, then goods or services will need to be shopped for outside of the Falcon’s Purch system. To purchase the item, a non-catalog Requisition should be entered in Falcon’s Purch. Requisitions can be for goods or services and a quote, contract, or contract# needs to be attached. Once the Requisition is approved, it will be converted to a Purchase Order containing BGSU contract terms and conditions. Instructions for entering a Requisition are on the Falcon’s Purch webpage under Training Documents. [Hyperlink: Non-Catalog Orders & Payment Request Training Guide]

**Types of Purchase Orders**

- **PO-** single, one-time use; The PO closes once the quantity or amount is received and paid.

- **Blanket PO-** is used when goods or services are expected to be received in several shipments or paid from several invoices during a fiscal year. Blanket PO total is the estimated total of all expected invoices. If the total is under-estimated, then an increase can be put in place. If over-estimated, then funds can be released back to the budget once PO is closed. Instructions to create blanket PO are found at the bottom of the Falcon’s Purch webpage under Falcon’s Purch Training Videos. [Hyperlink: Creating Blanket POs]

3. **Purchasing Card (P-Card)**

The P-Card is a BGSU credit card that may be used to purchase approved goods and services up to $3,499 which cannot be obtained through Falcon’s Purch. Note that services provided by an individual are not eligible for the P-Card method of Purchase. See the Purchasing Card Administration webpage for the full P-Card manual with detailed restrictions on these purchases. [Hyperlink: P-Card Manual]
VENDOR PAYMENT METHODS

In order for a Vendor to be paid either a Receipt or Payment Request must be completed.

1. **Receipt**

   **If a PO exists for goods or services** that has a value greater than $999 then an electronic Receipt is entered in Falcon’s Purch by the department requester. The receipt is added to an existing PO and confirms that goods have been received or services rendered. Entering the receipt allows Accounts Payable to process the payment to the vendor. Note that the Requester will receive automated weekly email reminders to enter a receipt; please disregard the notice until all goods and services have been received. Multiple receipts can be entered if needed. For example, if only part of order received, enter a receipt for those items and enter additional receipts later as needed. Detailed instructions are on the Falcon’s Purch webpage under Training Documents. [Hyperlink: Creating a Receipt Training Guide](#)

2. **Payment Request**

   **If service was provided based on a signed Independent Contractor Agreement (ICA),** a Payment Request should be entered in Falcon’s Purch by the Department. The payment request can only be entered after the service is provided and an Invoice must be attached.

   **If a signed contract exists but not a PO,** then a Payment request may be entered. Only enter the payment request after goods received or services rendered. The signed contract must be attached to the payment request.

   Instructions to enter a Payment Request can be found at the bottom of the Falcon’s Purch webpage under Training Documents. [Hyperlink: Non-Catalog Orders & Payment Request Training Guide](#)

   The punchout to enter a Payment Request can be found at the bottom of the page in Falcon’s Purch.
TYPES OF CONTRACTS

The BGSU Purchasing Department serves as the University’s central contract management team and we ask for each Department’s assistance in routing the necessary documents to Purchasing prior to goods or services being purchased.

1. **Standard Contract**
   BGSU contract completed by the Purchasing Department. Contract typically used for multi-year duration or with significant value. Contract may be created as the result of a published competitive bid event. BGSU Purchasing will handle the setup, negotiation, and signing of these contracts. Please allow at least 2 months for the competitive bid process.

2. **Short Form Contract**
   A condensed BGSU contract completed by the Purchasing Department. Contract typically used for companies providing a good or performing a service for or at BGSU. BGSU Purchasing will handle the negotiation and signing of these contracts. Please allow at least 2 weeks for this contract process.

3. **Independent Contractor Agreement (ICA)**
   BGSU contract completed by the Department prior to purchasing a service. Agreement used for individuals providing a service for or at BGSU typically with a value less than $50K. Service may be a single event or multiple events having a duration of up to 1 year. This can include speakers, entertainers, and providers of all general services (installation, maintenance, etc.) ICA form and procedure can be found at the BGSU webpage Contracting Procedures and Forms under Independent Contractor Agreements. [Hyperlink: Independent Contractor Agreements](#)

4. **Vendor Contract**
   Contract provided by the Vendor and often contains their Terms and Conditions (T&C’s). BGSU Purchasing needs to review to ensure that all necessary risk is mitigated prior to signature. Please allow at least 1-2 weeks for the contract review process.

5. **Purchase Order**
   Purchase Orders can serve as a BGSU contract if another contract does not exist. The PO must be issued prior to goods being delivered or services being rendered. There are Terms and Conditions (T&C’s) tied to our Purchase Orders that the vendor must agree to and accept when receiving our PO.
COMPETITIVE BIDDING (FOR NON-GRANT RELATED PURCHASES)

The University purchasing policy officially known as [Hyperlink: Policy 3341-6-38 Purchasing, Sales, and Disposal of University Property and Asset Control] under state of Ohio law requires competitive bidding, which is the solicitation of proposals or quotes from multiple vendors for goods or services being considered. Competitive bidding rules apply to all Departments for the following:

1. Purchase or lease of any goods costing $25,000 or greater, in a fiscal year.
2. Purchase of services costing $50,000 or greater, in a fiscal year.
3. Architect and Engineer design projects costing $50,000 or greater, in a fiscal year.
4. Construction projects with an estimated cost of $215,000 or greater per project.

The Department making the purchase is responsible for reaching out to the Purchasing Dept. and providing the necessary details for the bid. Purchasing will conduct the competitive bidding event to gather the proposals and quotes and then work with the Department to award the contract to the vendor providing the most value to the University. Please allow at least 2 months for the competitive bidding process and contract negotiation.

BID WAIVER (FOR NON-GRANT RELATED PURCHASES)

When justified, the Purchasing Department has the authority to waive the competitive bidding requirement. The basis for granting waivers of competitive bidding are listed below.

1. **Sole Source**
   There is not another vendor that provides the required goods or services. Sole Source requests must include a statement from the vendor on company letterhead indicating that the goods or services are only manufactured/supplied by their company and the quoted price is certified to be equal to the pricing given to supplier's most favored customers or other government agencies.

2. **Emergency**
   The goods or services are needed to correct or prevent an emergency health, environmental or safety hazard; special or time sensitive events; and/or emergency repair as determined by the President, VPFA, or his/her designee.

3. **Economic**
   When the University Division or Department has equipment or other goods and services from an existing vendor wherein it would be too costly to change vendors, then a case (description(s) of the excess costs and/or conditions to change) would need to accompany this waiver.

The Bid Waiver must be entered in Falcon’s Purch by clicking on the Bid Waiver Form icon found at the bottom of the Falcon’s Purch page. Instructions can be found in the Falcon’s Purch Training Documents at the bottom of the Falcon’s Purch webpage: [Hyperlink: Bid Waiver Requester Training]
SUPPLEMENTAL RESOURCES

1. **PaymentWorks**
   PaymentWorks is a tool to efficiently manage vendor details and payment information. It is also a system that allows the secure transfer of sensitive data such as social security numbers and bank information.

Purchases in Falcon’s Purch can only be made from active vendors in the BGSU system. If they are found in Falcon’s Purch then they are active vendors. If not, then utilize PaymentWorks to enter the vendor in our system.

Complete PaymentWorks procedures and forms can be found on the BGSU Contracting Procedures and Forms webpage. [Hyperlink: PaymentWorks Instructions]

2. **Pricing Negotiation**
   The Purchasing Department can assist with pricing negotiations of new contracts and renewals. Please reach out as needed.

3. **Terms and Conditions (T&C) Review**
   Vendor quotes and orders often contain written out T&C’s or hyperlinks to T&C’s on the vendor’s webpage. These Terms should be reviewed by the Purchasing Department before proceeding with a PO to assure we stay in compliance with Ohio law.

4. **Planning, Design and Construction Projects**
   If you are planning any of the following activities, please fill out a Planning, Design and Construction Project Request: Alteration, Renovation or Remodeling; New Construction; Maintenance or Repair; Custodial; Grounds; Office, Materials or Equipment Moves; Pest Control; New or Upgrade to Audio Visual Equipment or Furniture Purchase. [Hyperlink: Planning, Design and Construction PROJECT REQUEST]

5. **Contract Insurance Requirements**
   Vendors providing a service must procure and maintain insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of their work. The minimum insurance requirements can be found on the BGSU Contract Insurance Requirements webpage. [Hyperlink: Contract Insurance Requirements]

6. **Purchasing Policy**
   The complete BGSU Purchasing policy# 3341-6-38 can be found on the General Counsel website. [Hyperlink: 3341-6-38 Purchasing, Sales, and Disposal of University Property and Asset Control]

7. **Signatory Policy**
   Consult the Signatory policy to determine the appropriate signatures needed for a document. Note that an agreement or contract will not be valid unless this signatory policy is followed. Changes to the policy occur periodically, so please make sure to follow the most updated version found on the General Counsel website. [Hyperlink: 3341-1-7 Delegation of Contract and Signatory Authority]
Quick Reference Charts

Consult the charts below as a guide to navigate the purchase of Goods and Services based on the total value purchased from a single vendor during a fiscal year. Purchasing Dept. monitors total spend.

- **Purchasing Goods Reference Chart**

<table>
<thead>
<tr>
<th>Fiscal Year Annual Spend or Dollar Amount of Purchase</th>
<th>Method of Purchase</th>
<th>Contract Required</th>
<th>Competitive Bidding Required</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 - $3,499</td>
<td>P-Card or PO</td>
<td>No</td>
<td>No</td>
<td>Consult P-Card manual for purchase restrictions</td>
</tr>
<tr>
<td>$3,500 - $9,999</td>
<td>PO</td>
<td>PO</td>
<td>No</td>
<td>Purchasing review of vendor contract required</td>
</tr>
<tr>
<td>$10,000 - $24,999</td>
<td>PO</td>
<td>PO or Vendor Contract</td>
<td>No</td>
<td>Multiple quotes highly recommended; Purchasing review of vendor contract required</td>
</tr>
<tr>
<td>$25,000 and above</td>
<td>PO</td>
<td>PO, Standard, Short Form or Vendor Contract</td>
<td>Yes</td>
<td>Work with Purchasing on Competitive Bid process and allow 2 months</td>
</tr>
</tbody>
</table>

PO = Purchase Order

- **Purchasing Services Reference Chart**

With the exception of P-Card purchases, a contract must be signed by an authorized signatory or the signer may be held personally liable for expenses. Contract must be signed before services are rendered or Vendor runs the risk of non-payment.

<table>
<thead>
<tr>
<th>Fiscal Year Annual Spend or Dollar Amount of Purchase</th>
<th>Service provided by COMPANY or INDIVIDUAL</th>
<th>Method of Purchase</th>
<th>Contract Required</th>
<th>Competitive Bidding Required</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 - $49,999</td>
<td>Service provided by INDIVIDUAL*</td>
<td>Blanket PO or Payment Request</td>
<td>ICA</td>
<td>No</td>
<td>Contact Purchasing if vendor will not accept ICA</td>
</tr>
<tr>
<td>$50,000 and above</td>
<td>Service provided by INDIVIDUAL*</td>
<td>Blanket PO or Payment Request</td>
<td>ICA, Standard Contract</td>
<td>Yes</td>
<td>Work with Purchasing on Competitive Bid process and allow 2 months</td>
</tr>
<tr>
<td>$1 - $3,499</td>
<td>Service provided by COMPANY*</td>
<td>P-Card, PO or Blanket PO</td>
<td>No</td>
<td>No</td>
<td>Consult P-Card manual for purchase restrictions</td>
</tr>
<tr>
<td>$3,500 - $49,999</td>
<td>Service provided by COMPANY*</td>
<td>PO or Blanket PO</td>
<td>PO, Standard, Short Form or Vendor Contract</td>
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<td>Multiple quotes highly recommended; Purchasing review of Vendor contract required</td>
</tr>
<tr>
<td>$50,000 and above</td>
<td>Service provided by COMPANY*</td>
<td>PO or Blanket PO</td>
<td>PO, Standard, Short Form or Vendor Contract</td>
<td>Yes</td>
<td>Work with Purchasing on Competitive Bid process and allow 2 months</td>
</tr>
</tbody>
</table>

ICA = Independent Contractor Agreement

*Individuals* are those vendors that would mark their federal tax classification as an “Individual/sole proprietor or single-member LLC” on a W-9 Form. *Companies* would be any other tax classification. Example W9 on last page.
Purchasing grant funded goods or services at BGSU requires adherence to the University Purchasing policy 3341-6-38 and Federal Uniform Guidance found on the following webpage. [Hyperlink: Code of Federal Regulations]. The charts below provide a blended view of both University and Federal grant procurement requirements for the purchase of Goods and Services.

### Purchasing Grant Funded Goods Reference Chart

<table>
<thead>
<tr>
<th>Fiscal Annual Spend Threshold or Dollar Amount of Purchase</th>
<th>Method of Purchase</th>
<th>Contract Required</th>
<th>Competitive Bidding Required</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 - $9,999</td>
<td>PO</td>
<td>PO</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>$10,000 - $24,999</td>
<td>PO</td>
<td>PO or Vendor Contract</td>
<td>Yes</td>
<td>Min 2 quotes required; Purchasing review of Vendor contract required</td>
</tr>
<tr>
<td>$25,000 and above</td>
<td>PO</td>
<td>PO, Standard, Short Form or Vendor Contract</td>
<td>Yes</td>
<td>Work with Purchasing on Competitive Bid process and allow 2 months</td>
</tr>
</tbody>
</table>

### Purchasing Grant Funded Services Reference Chart

With the exception of P-Card purchases, a contract must be signed by an authorized signatory or the signer may be held personally liable for expenses. Contract must be signed before services are rendered or Vendor runs the risk of non-payment.

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<td>Service provided by INDIVIDUAL*</td>
<td>PO or Payment Request</td>
<td>ICA</td>
<td>No</td>
<td>Contact Purchasing if vendor will not accept ICA</td>
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<tr>
<td>$10,000 - $49,999</td>
<td>Service provided by INDIVIDUAL*</td>
<td>PO or Payment Request</td>
<td>ICA, Standard Contract</td>
<td>Yes</td>
<td>Min 2 quotes required; Purchasing review of vendor contract required</td>
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<td>$50,000 and above</td>
<td>Service provided by INDIVIDUAL*</td>
<td>PO or Payment Request</td>
<td>ICA, Standard, Short Form or Vendor Contract</td>
<td>Yes</td>
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</tr>
<tr>
<td>$1 - $3,499</td>
<td>Service provided by COMPANY*</td>
<td>PO or P-Card</td>
<td>No</td>
<td>No</td>
<td>Consult P-Card manual for purchase restrictions</td>
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<td>Service provided by COMPANY*</td>
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<td>PO, Standard, Short Form or Vendor Contract</td>
<td>Yes</td>
<td>Work with Purchasing on Competitive Bid process and allow 2 months</td>
</tr>
</tbody>
</table>

*Individuals are those vendors that would mark their federal tax classification as an “Individual/sole proprietor or single-member LLC” on a W-9 Form. Companies would be any other tax classification. Example W9 on last page.
Purchasing Goods Best Practice Decision Tree

Under $3,500

- Goods ($1-3,499)
- Provided by an Individual or Company
- Is Item Available in Falcon's Purch? *
  - Yes: Complete Purchase Order using the Purchase in Falcon's Purch
  - No: Enter Non-Catalog Item Purchase Order (Attach Quote)
    - Vendor or Dept. Send Invoice to BSUAP@bgsu.edu
    - Create Receipt in Falcon's Purch

Over $3,500

- Goods ($3,500-$24,999)
- Provided by an Individual or Company
- Is Item Available in Falcon's Purch? *
  - Yes: Complete Purchase Order using the Purchase in Falcon's Purch
  - No: Enter Non-Catalog Item Purchase Order (Attach Quote)
    - Vendor or Dept. Send Invoice to BSUAP@bgsu.edu
    - Create Receipt in Falcon's Purch

- Goods Over $25,000
- Contact Purchasing
  - Competitive Bid or Bid Waiver Form Required

* Determine if vendor is active by looking in Falcon's Purch and/or PaymentWorks. If vendor exists but is deactivated, reach out to BSUAP@bgsu.edu to confirm if can be reactivated. If it cannot or it's a new Vendor, proceed by using the “Adding a New Vendor Flowchart”. See the Payment Works FAQ for more information: https://www.bgsu.edu/content/dam/BGSU/purchasing/documents/PaymentWorks/FREQUENTLY-ASKED-QUESTIONS.pdf
Purchasing Services Best Practice Decision Tree

**Under $3,500**

- **Services Provided by an Individual**
  - **Is the Vendor Active in Falcons Punch?**
    - Yes: Proceed to Adding a New Vendor
    - No: Contact Purchasing

- **Services Provided by a Company**
  - **Is the Vendor Active in Falcons Punch?**
    - Yes: Enter Blanket Purchase Order or Payment Request in Falcon's Punch (Attach Contract/ICA/Invoice)
    - No: Do you have a department Pcard and is this an allowable Pcard purchase?
      - Yes: Use Department Pcard
      - No: Proceed to Adding a New Vendor

**Over $3,500**

- **Services Over $50,000**
  - **Is the Vendor Active in Falcons Punch?**
    - Yes: Enter Blanket Purchase Order or Payment Request in Falcon’s Punch (Attach Contract/ICA/Invoice)
    - No: Proceed to Adding a New Vendor

**Services ($3,500-$48,999)**

- **Is the Vendor Active in Falcons Punch?**
  - Yes: Enter Blanket Purchase Order or Payment Request in Falcon’s Punch (Attach Contract/ICA/Invoice)
  - No: proceed to Adding a New Vendor

*Note: If the vendor is active by checking in Falcon’s Punch and/or PaymentWorks, go to “Adding a New Vendor Flowchart”. See the Payment Works FAQ for more information.*

**LAST UPDATED: 2/8/2022**
• Adding a New Vendor Flowchart

Adding a New Vendor Flowchart

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LAST UPDATED: 2/8/2022
EXAMPLE W-9

Example of W-9 showing box that would be checked for vendors that are INDIVIDUALS....