UNIVERSITY SERVICES AND THE RESEARCH COMMUNITY

June 23, 2015
University Services consists of multiple units working collaboratively as a single, integrated supply chain organization.

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PURCHASING’S ROLE

Purchasing is a support unit with responsibility for the execution of external commitments for goods and services on behalf of campus departments.

**Objectives**

- Be responsive
- Protect MSU from foreseeable procurement risk
- Ensure MSU requirements are met
- Be responsible stewards of the university’s resources
PURCHASING ACTIVITIES

• Analysis
• Bidding
• Collaboration
• Conflict of Interest
• Contract Management
• Contract negotiation and signature
• Cost Containment and Savings
• Import Compliance
• Pcard Administration

• Professional Service Contracts
• Regulatory and Policy Compliance
• Strategic Sourcing
• Sourcing
• Small Business Subcontracting Plans
• Supplier Diversity
• Supplier Management
• Sustainability
• Vendor Maintenance in KFS
PROCUREMENT AND PAYMENT METHODS

Customer/End User

Purchase Order

Strategic Contract Release

Supplier

Pcard

Disbursement Voucher
MSU HAS A NUMBER OF STRATEGIC ALLIANCEs AND CONTRACTs

- Committee on Institutional Cooperation Purchasing Consortium (CICPC)
- The Big 10
- Educational and Institutional Cooperative (E & I)
- State of Michigan-MIDeal contract participation
- Michigan Life Sciences Purchasing Consortium (MLSPC)
- Provista
- Novation
- US Communities

Alliances allow us to obtain goods at the best price
STRATEGIC CONTRACTS

When do I use a strategic contract?
Whenver the needed items are available on one
Why should I use strategic contracts?
Because it saves MSU money and time
STRAATEGIC CONTRACT EXAMPLES

• Office Max Contract - this is a CICPC agreement
• VWR and Fisher Scientific Contracts - these are CICPC agreements
• Dell Computer - MSU strategic contract with orders issued by departments or the Computer Store
• Airgas Great Lakes - MSU strategic contract for cylinder gases
• ConlinTravel - MSU strategic contract
• National and Enterprise Car Rental Agreement - Big 10 contract

For a list of available contracts visit
http://usd.msu.edu/purchasing/contracts-and-services/index.html
HOW DO I ACCESS STRATEGIC CONTRACTS?

Ordering against strategic contracts can be done via

• University Stores-for high volume, stocked items with immediate availability

• University Services Open Orders-for non-stocked, regularly used items, [https://webapps.usd.msu.edu/home.asp](https://webapps.usd.msu.edu/home.asp)

• Computer Stores (part of IT Services)-for computers, peripherals, site licensed software

• Automated purchase order with Dell and Apple

• MSU Travel Office, [http://www.ctlr.msu.edu/COTravel/](http://www.ctlr.msu.edu/COTravel/)
 PROCUREMENT CARD (Pcard)

• Used for small-dollar purchases (<$2,500)
• There are restrictions for a number of items such as radioactive materials. The complete list of restrictions is located at
• P-Card reconciliation can be done by either of the following methods:
  1) On-line approval of an e-doc in KFS with receipts attached using Fiscal Officer workflow.
  2) Reconciliation of paper statements, receipts and signature requirement. The Cardholder and Supervisor are required to sign these documents as part of the review and reconciliation.
PROCUREMENT CARD (Pcard)

- P-Card use is tied to the RC account budget period end date.
- CGA approval is not required for direct purchases, however expenses may be spot audited.
- Expenses should be reallocated to proper object codes to ensure accurate agency reporting.
- All pertinent supporting documentation should be attached or retained in the department.
SMALL BUSINESS SUBCONTRACTING PLANS

Small Business Subcontracting plans may be part of the process for applying for a contract or grant.

These plans require that the university department, in concert with Purchasing, commit to realistic percentages for procuring goods and services from a variety of small business entities.

Purchasing can assist with identifying sources to meet subcontracting plans.
SMALL BUSINESS SUBCONTRACTING PLANS

- Percentages may vary depending upon the agency and federal auditing body.

- The contract or grant applicant (MSU) is required to explain any reduced percentage goals for targeted small business types identified by the agency as part of the subcontracting plan.

- Explanations for source identification must be provided. The granting agency will want to know how MSU determined the percentages included in the plan.
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HOW WE CAN HELP

• Sourcing

• Budgetary v. Final Quotations

• RFI, RFP, Sealed Bid, RFQ

• Single and Sole Source Justifications

• Contract Review, Signature, Award

• Freedom of Information Requests
DOCUMENTATION TO ACCOMPANY A REQUISITION

• Budgetary quotation received by the PI or Researcher
• Principal Investigator Certification (as applicable)
• Single or Sole Source Justification (as applicable)
• Other support documentation

Note: Purchasing may be required to obtain an updated quotation, even when a sole or single source situation exists.
CERTIFICATION STATEMENT

• Principal Investigator Certification Statement:

I certify that this equipment is necessary and will be used primarily or exclusively for the project(s) to which the costs will be charged and that similar equipment is not available for my use.

• The above statement can be provided as an attachment to the requisition.
COMPLIANCE WITH TERMS, CONDITIONS, REGULATORY REQUIREMENTS, FAR, DFAR, OMB CIRCULARS

• Regulatory requirements that attach to federally funded research include but are not limited to the Buy American Act, Fly American Act for travel related to research and Federal flow downs that the supplier is required to comply with.

• Purchasing ensures agreement regarding compliance is reached prior to issuing the order.

• Uniform Guidance
COMPLIANCE WITH TERMS, CONDITIONS, REGULATORY REQUIREMENTS, FAR, DFAR, OMB CIRCULARS

Orders issued on a federally funded research account with a line item over $5K automatically route to CGA for approval prior to the purchase order being issued.

- CGA approval is also required for Purchase Order Amendments.

- The Purchasing system will not allow new Purchase Orders to be processed after the account budget period end date.
PROFESSIONAL SERVICES CONTRACTS (PSCs)

• Used as a means to pay for professional services provided by an independent contractor

• The PSC document is to be completed and submitted in advance of services being provided.

• Requires justification or competitive process if over $15,000

• Is not to be used for products, building trades, custodial services or printing

• The PSC form can be found at http://usd.msu.edu/common/documents/ap-pur-psc-rev3.pdf
SOFTWARE LICENSES, AGREEMENTS, CONTRACTS WITH SUPPLIERS

- Principal investigators, departmental administrators, and other university end users do not have authority to sign agreements and to make commitments on behalf of the university with external entities.

- All license agreements, contracts and other purchase agreements are to be routed to Purchasing for review and signature.
SOFTWARE LICENSES, AGREEMENTS, CONTRACTS WITH SUPPLIERS

• Purchasing, along with a select few other individuals on campus, has delegated signature authority.

• Purchasing collaborates with the Office of General Counsel, Risk Management, CGA and others on campus in the review process to ensure that signed agreements meet the requirements of the university, regulatory compliance, etc. This coordination and review occurs prior to final signature by Purchasing.
CONTRACT REVIEW/SIGNATURE AUTHORITY

Physical Plant

Office of the General Counsel

Risk Management

Purchasing

Environmental Health and Safety

Campus Departments

Office of Sponsored Programs

Contract and Grant Administration

Office of Export Control
SIGNATURE AUTHORITY

- Signature authority is the authority an individual has to make external commitments on behalf of the university. These commitments include, but are not limited to contract, agreements, software licenses, etc.

- At MSU, signature authority is delegated by the Board of Trustees and President Simon.

- Delegation is limited to a few key individuals and the Purchasing staff.

- Deans, Directors, Chairpersons, and Principal Investigators do not have authority to sign contracts.

- Individuals who make external commitments without signature authority, may face serious consequences.
ETHICAL CONDUCT AND CONFLICTS OF INTEREST IN PROCUREMENT

• MSU employees are considered as public servants and are subject to State of Michigan Laws regarding contracts with public servants, as well as MSU policy.

• MSU defines a conflict of interest as:

  A conflict of interest exists when an employee's financial interests or other opportunities for personal benefit may compromise, or reasonably appear to compromise, the independence of judgment with which the employee performs his/her responsibilities at the University.

• Recent audit findings
KEYS TO MANAGING CONFLICTS

Positive Outcomes

Disclosure

Exercising good judgment

Perception
WHAT IS A CONFLICT OF INTEREST?

Conflicts of Interest in procurement may include the following:

- Soliciting business from MSU for a company you have an interest in.
- Soliciting business from MSU for a relative’s company. [See page 16 for definition of relative.](http://vprgs.msu.edu/sites/default/files/COI%20Town%20Hall%20Presentation%20-%20Summer%202012_1.pdf)
- Accepting gifts or gratuities from a supplier.
- Developing an external relationship with a supplier your unit does business with.
MSU’S REVIEW AND APPROVAL PROCESS FOR A PROCUREMENT CONFLICT OF INTEREST

1. Conflict Identified
2. Conflict Disclosed to Purchasing
3. Purchasing determines availability through other sources or options
   - Item or Service available through other sources at better price
     - Procure through alternate source
   - Service Offered- Explore HR options
     - Project Pay or other HR payment used
   - Conflict of Interest Source Determined as best option
     - Purchasing provides Conflict of interest Officer with support confirming as best option
       - Conflict of Interest Officer prepares documentation for Board of Trustees Approval
         - Board of Trustees Approval Obtained
           - Purchase is completed to Conflict of Interest Company

Note: each situation is a unique action and other safeguards also exist
University Services Generated Cumulative Savings and Cost Avoidance for MSU Departments

Savings and Avoidance in Millions

GOAL
FY2014-15 YTD University Services Generated Savings for MSU Departments by Functional Area

- Purchasing, $9,424,382 (87.2%)
- Mail Services, $1,247,193 (11.5%)
- Accounts Payable, $136,390 (1.3%)
COMING ATTRACTION!

- Shopping cart technology
- KFS Workflow
- Electronic Order Delivery for many items
- Anticipated Timeline
  - Pilot launch July 6, 2015
  - Full Campus Rollout November, 2015
Basic E-procurement Process

1. Fill and Complete Shopping Cart
2. Information sent to KFS to populate requisition
3. Requisition routes for workflow
4. Requisition meets criteria for automated purchase order delivery
5. Automated purchase order created
6. Purchase Order Delivered to Supplier via portal
7. Supplier Receives and Fills Order
8. Supplier Submits Invoice via Esettlement
9. Electronic Match
10. Supplier Paid
LOGISTICS ROLE

Logistics is a support umbrella of University Services with responsibility for the uninterrupted flow of materials and services.

• Managing incoming parcel & freight shipments, and University Stores deliveries to campus units.

• Responsibility for inbound, outbound, parcel, freight, and carrier activities.

• All distribution related activities ensuring compliance with current regulatory requirements including import and export activities.
LOGISTICS FUNCTIONAL AREAS

- University Stores Warehouse Operations and shop.msu.edu
- Central Receiving & Distribution
- Central Shipping
- Supply Chain Compliance & Risk Mitigation
- Mail Services
UNIVERSITY STORES WAREHOUSE

University Stores warehouse stocks approximately 1,875 line items that are frequently used by university departments and procured against contracts.

Items can be ordered from University Stores Warehouse via the EBS portal and the Shop at State link.

Warehousing, Storage, & Inventory support
- Shop.msu.edu
CENTRAL RECEIVING & DISTRIBUTION

Manages the inbound flow of materials

- PO’s, P-card, FedEx, UPS, USPS, Common Carrier
- Delivery Standard 88.2% Same Day, 11.8% Next Day
- FY14/15 (YTD) On-time Standard 98.9%, <16 hrs.

Desktop Visibility


Value Added Services

- Pickups, Uncrating, Moving, Event Materials Mgt.
- Overage, Shortage, & Damage Reconciliation
Logistics Total Deliveries On Time, FY14/15

- 101,951, 64%
- 38,545, 24%
- 17,055, 11%
- 1,726, 1%

- 1-4 Hours Same Day
- 4-8 Hours Same Day
- 8-16 Hours Next Day
- 16 Plus

Deliveries >eight hours can require additional resources, coordination, staging/storage prior to delivery.

On Time = 16 Hours or Less
CENTRAL SHIPPING

- Administer the Carrier Systems & Activities
- UPS & FedEx Desktop Options
- USPS, Less than Truckload, Truckload, Van Line, and Vessel
- Packaging Services
- Hazardous Materials Processing
- Carrier invoice reconciliation and payment
COMPLIANCE WITH THE EXPORT & IMPORT REGULATORY REQUIREMENTS

• Import control in collaboration with Purchasing
• Export Control
• Administer the Customs Broker activities
• Carrier Selection & Visibility
• Export Compliance Action Committee
HOW WE CAN HELP

• Preplanning and Requirements Review
  Due Diligence, Reasonable Care, Supervision & Control

• Carrier Sourcing

• Export/Import Transit Monitoring

• Record Keeping
  Proof of Compliance with U.S. Government Regulations

• Export/Import Compliance Audits
CAPITAL ASSET MANAGEMENT

• Capital Asset Management (CAM) oversees tracking and accounting of the university’s movable capital assets based upon federally established guidelines.

• CAM works closely with end user, Accounts Payable/Invoice Audit, Purchasing, Internal Audit, Financial Analysis, and CGA to ensure that assets are coded properly for reporting, tracking and depreciation purposes.

• See Manual of Business Procedures – Section 224 for detailed information.

http://usd.msu.edu/mbp/mbp-224/index.html
CAPITAL ASSET DEFINITION

A capital asset:

• Is non-expendable, tangible personal property with an acquisition cost of $5,000 or more per unit;

• Has a useful life of more than one year;

• Has the capacity to function as a stand-alone unit without the assistance of another unit.
RESPONSIBILITIES OF CAPITAL ASSET MANAGEMENT

CAM assists the university community with the following:

• Identify acquisitions that qualify as assets (including but not limited to equipment, art work, and fabrications).
• Books value of the equipment based on payments.
• Tag equipment for tracking purposes.
• Conduct annual equipment audits.
• Acts as a resource for departments, internal, external and Governmental auditors.
ASSET INVENTORY

• Departments are responsible for updating equipment locations when items are moved. This is accessible through KFS, under the Capital Asset Management heading.

• Asset records must be kept current, particularly for equipment acquired with grant or contract funds. This information may be reviewed during internal, external and Governmental audits.
Asset Location Global e-doc

https://fin.ebsp.msu.edu/kfs-prd/portal.jsp
FABRICATED EQUIPMENT

• Definition: equipment fabricated from separately acquired materials and constructed by MSU trades, principle investigator(s), project representative(s) or any combination of these individuals.

• All non-labor costs, such as, component parts, materials, supplies, shop charges, etc., associated with the fabrication of the item are generally exempt from indirect cost charges.
FABRICATED EQUIPMENT

• All fabrication request e-Docs must be approved by CGA.

• KFS functionality allows user to associate a P-Card purchase to a fabricated asset through the Capital Asset Tab. A fabricated asset object code must be used to enable this feature.

• A fabrication is considered substantially complete when the equipment can be put into service and used.

• When a fabrication is substantially complete the fabricating departments must update the asset status code, asset type code and tag the asset.
EQUIPMENT TRANSFER & RELOCATION

• The transfer of equipment between MSU departments is initiated by the owner department and approved by the receiving department, within the CAM module of KFS.

• In all cases transfers of equipment purchased with Government funds must be ad-hoc routed to CGA for approval.

• Equipment transferring to MSU, with a newly arriving researcher, must have accompanying paperwork from previous owner indicating that the equipment is transferring to MSU.
EQUIPMENT TRANSFER & RELOCATION

• Transfer of equipment to a non-MSU location is initiated by the owner department, within the CAM module of KFS.

• Documentation approved and signed by the Department Chairperson, Dean or Director, of the owning department, must be attached to the transfer e-Doc.

• Documentation is to include a clear explanation of the purpose of the transfer, anticipated dates of return, and additional information pertaining to the protection, maintenance and repair of the equipment.
EQUIPMENT TRANSFER & RELOCATION

• The previously referenced documentation is to be:
  1) maintained in the owner department’s files
  2) provided to Capital Asset Management
  3) provided to the Shipping and Receiving area as part of the shipping documentation

• In cases where equipment purchased with Government funds is being transferred, the transfer e-doc must be ad-hoc routed for approval to CGA.
EQUIPMENT DISPOSAL/SALVAGE

• Equipment is disposed of through the MSU Surplus Store.
  • An Asset Transfer e-doc is used to transfer ownership of equipment to the MSU Surplus Store, using the following account and location:
    • Organization Owner Account Number: XC100000
    • Building Code: 0223
    • Room Number: 100
  • Disposal of equipment purchased with Government funds must be ad-hoc routed, for approval, to CGA. CGA will determine if ownership reverts to the funding agency or to MSU allowing for disposal/salvage.
https://fin.ebsp.msu.edu/kfs-prd/portal.jsp
LINKS TO MANUAL OF BUSINESS PROCEDURES

Links are available at http://usd.msu.edu/mbp/ for the following sections:

Section 74, Invoice Processing
Section 76, Independent Contractors
Section 220, University Stores and Logistics
Section 224, Capital Asset Management
Section 270, Purchasing
Section 271, Purchasing Card
Section 320, Lease Purchase
Section 325. U. S. Mail and Postal Charges
ADDITIONAL LINKS


Office of Sponsored Programs and Contract and Grant Administration  http://www.cga.msu.edu/

EBS Portal  http://ebs.msu.edu/

Manual of Business Procedures  http://ctlr.msu.edu/combp/
CONTACT INFORMATION

Contact information for University Services is available at http://usd.msu.edu/contact/.

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