Procurement at UMD

Complex Environment
• Procurement at UMD can be a complex process due to being a public institution and the relationships to USM and the State of Maryland

Compliance
• Procurement ensures compliance with USM Policies and Procedures, applicable Maryland procurement regulations, and applicable Federal requirements

Delegated Actions
• Most procurements are relatively low dollar and handled directly by campus departments

When Procurement must be involved
• =/> $25,000
• Any purchase requiring interpretation of terms and conditions
• Any purchase requiring a signed contract or agreement
What is a Procurement and when is the Procurement Department Involved?

• The Procurement Department must be involved in the following circumstances:
  • > $25,000
  • Sole/single source > $25,000
  • Any purchase requiring interpretation of regulations, laws or terms and conditions

• A procurement includes all of the steps needed to obtain the materials, equipment, and services required by UMD

• A procurement can be as simple as issuing a purchase order or as complex as a multi-award competitive solicitation

• All procurements must comply with applicable Maryland procurement laws, Federal regulations, and USM Policies

• Most procurements are low dollar and handled at department level by specific individuals who are authorized to make purchases
Signature Authority

The Procurement Department has authority, delegated by the UMD President in the President's Delegation of Signature Authority.

Only certain individuals across campus have the authority to commit on behalf of UMD and this authority is limited.

Authority to sign offer letters for new hires, as delegated by Deans, is not the same as authority to enter into contracts.
Signature Authority

Anyone signing a contract who does not have the proper authority may be held personally responsible.

Ability to issue Delegated Purchase Orders or to use a Pcard is not the same as signature authority.

Procurement staff have signature authority that is delegated by the AVP for Procurement and Business Services based on roles.

Procurements Exceeding the limit delegated to Procurement staff must be routed for additional approval to a Manager/ Director/AVP/ VP depending on dollar amount.
Commonly used Buying Methods at UMD

- **Pcard** transaction - <$5,000 consummated by campus department
- **Delegated** procurement - <$25,000 consummated by the campus department
- **Strategic Contract** procurements - <$50,000 orders reference contract and are issued directly by campus units
- **Competitively Solicited** procurements - >$25,000, solicitations are issued by Procurement and awarded by Procurement
- **Consortia-based** procurements - any dollar amount, >25,000 offer opportunity to expedite procurement though not ideal for all situations

**Single/Sole Source** Procurements
- >$25,000 requires sole source justification
- >$200,000 requires UMD VP & CAO approval and USM Vice Chancellor notification
- >$500,000 requires USM Vice Chancellor approval
Procurement Process Overview

1. Need Identified
2. Suppliers Identified
3. Budgetary Quotes Obtained
4. >$5K
   - NO
   - Pcard or Shell Shop
5. Delegated PO or Shell Shop
6. >$25K
   - NO
   - Routes to Procurement
   - YES
7. Routes to Procurement
8. $200K
   - NO
   - Buyer Reviews
   - Multiple quotes or Sole Source Justification needed
   - Buyer obtains required documentation
   - Buyer negotiates with supplier
   - Buyer Completes PO and/or signs contract
9. Formal Solicitation or Sole Source Justification needed
10. Procurement routed for approvals as required (VPA, BPW, Board of Regents, other)
11. Buyer issues award & contract signed
12. Buyer manages contract & assists with contract issues
13. Goods or Services Received
14. AP Pays Invoices
15. Contract completed & Closed

Procurement Action
Campus Department Action
Accounts Payable Action
Campus Department Options for Buying without Procurement involvement

- Use Shell Shop which is a catalog management solution in use at UMD. It allows campus departments to shop from catalogs based on UMD Strategic Contracts.

- If the order is <$5K and not available through Shell Shop, order the item with

- If the order is >$5K<25K issue a requisition in the Kuali Financial System (KFS) which after routing for approvals will automatically become a Delegated PO.
Campus Department Role in Procurement

- Are the items available from Shell Shop?
  If so, the items are expected to be purchased through Shell Shop from a UMD contract.

- Is the need <$5K and not available in Shell Shop?
  Order using

- Is the need >$5K<$25K and not available from Shell Shop Catalogs?
  Create a KFS Requisition and attach the quotation and other related documentation. If a signature is required or terms require review, attach the contract or terms to the requisition or submit them to DelegatedProcurement@umd.edu.

- Is the need >$25K?
  Submit a requisition in KFS including a thorough description of the item/services needed. Attach a budgetary quotation if available. Procurement will obtain a final quotation and negotiate all terms and conditions associated with the procurement.
Delegated Procurements

- Delegated Procurement is the most widely used procurement method at UMD.
- Campus departments execute these actions either using a Pcard or Delegated PO.
- UMD completes approximately 170,000 Pcard actions annually.
- Campus departments execute 12,000-15,000 Delegated procurement actions annually.
- All delegated procurements that require a signature or with terms that conflict with UMD Terms and Conditions must be routed to Procurement for review, negotiation, and final signature.
Campus Department Role in Procurement

Additional documentation to retain

- Campus departments are to confirm delivery of goods and services prior to approving an invoice. To do this, retain all packing lists and associated documentation demonstrating that UMD received the items/services purchased.

- Proof of receipt of goods/services will be requested by Auditors.
Role of UMD’s Procurement Department

- Facilitate and manage sourcing, contract negotiation, purchasing, and contract administration
- Overall responsibility to ensure an open and competitive process with fair and equitable treatment of all suppliers and contractors
- Responsible for achieving best overall value in procurement actions
- Compliance with UMD and USM Policies and Procedures, State laws and regulations, and Federal requirements
- Mitigate contractual risk and limit liability exposure
- Administer Card Programs (VISA/Diner’s Club)
- Collaborate with others to ensure UMD’s needs are met (Office of General Counsel, Division of IT, Controller’s Office, etc.)
- Source for information and interpretation of regulations
- Signature Authority to make external commitments
Buying methods used by Procurement

- Competitive solicitation
- UMD strategic or master contract/agreement
- State contract
- Extensible USM institution contract
- Consortia based contract - BTAA, E & I, MEEC, Omnia Partners, Sourcewell
- Sole Source
- Preferred Providers - Maryland Correctional Enterprises (MCE), Blind Industries and Services of Maryland (BISM)
Who decides the Buying Method for actions >25K?

- Procurement methods are determined by Procurement staff based on the item or services being purchased.
- Procurement staff will consult with the campus department to determine the appropriate procurement method.
- Procurement staff will consider the items or services being procured, available options, time and special needs when deciding on the procurement method.
Strategic Contract Uses and Benefits

- Easy to use through Shell Shop
- Contracted pricing
- Terms and conditions are already negotiated
- Faster speed to delivery of goods or services
- Non-delegated POs against strategic contracts are completed more rapidly as terms are already negotiated
Consortia Based Agreements and Benefits

- Competitively bid consortia based agreements are often used by Procurement to more rapidly complete purchases.
- Procurement staff are familiar with the Consortia based contracts that are best for UMD to work with.
- Not all consortia based contracts are equal, some require extensive negotiate of terms and conditions and in some cases terms cannot be negotiated.
- Consortia contracts that are often used include E & I Cooperative, BTAA Purchasing Consortium, Sourcewell, and MEEC.
Competitive Solicitations and What to Expect

Procurement staff conduct the solicitation process and are responsible for the outcomes of the process.

Procurement staff determine the appropriate solicitation vehicle to be used to obtain bids through this is discussed with the campus customer.

Procurement staff collaborate with campus customers to prepare the solicitation document.

Solicitations include simple Requests for Quotation to complex multi-step Requests for Proposal.
Competitive Solicitations and What to Expect

- Campus customers are responsible for providing requirements or the scope of work for the items or services required along with the timeframe during which goods or services will be provided.
- Create a requisition to start the process with Procurement. The vendor field can be left blank. The description needs to state that it is for competitive bidding for the goods or services required.
- Attach the requirements document to the requisition for Procurement to review. Procurement can assist in requirements development, if needed.
Competitive Solicitations and What to Expect

- Simple competitive solicitations that are less than $200K can be completed in 10-30 days once Procurement has clear requirements.
- Complex Requests for Proposal (RFP) typically takes 90-180 days to complete starting with RFP development through final award. If Board of Regents or Board of Public Works approval is needed additional time may be needed.
- Time to complete is highly dependent on collaboration and communication.
Sole Source Procurements

**Sole source procurements >$25**

- Requires a KFS Requisition to start the process

**Sole Source Justification Form**

- The Sole Source Justification Form must be completed, signed and attached to the requisition

**Quotation and other documentation**

- Campus Department attaches the quotation and other support documentation showing it is a sole source to the requisition

**Procurement Actions**

- Reviews requisition and sole source for validity, may request additional details be added to sole source form
- May issue a Request for Quotation or updated proposal per UMD Terms
- Negotiates terms, shipping, and may negotiate pricing

**Sole source >$200K**

- Procurement notifies or seeks approval from the USM Vice Chancellor of Finance
- Obtains approval from the Vice President and Chief Administrative Officer

Procurement communicates throughout the process with the campus department user, particularly if there are business issues associated with the agreement or in cases when further pricing negotiation is recommended
Policies, Regulations, and Laws Governing Procurement at UMD

 Portions of State of Maryland COMAR Title 21

 USM Procurement Policies and Procedures

 UMD Policies:

 VII- 3.10
 VII- 3.10(A)
 VII- 3.10(B)
 VII- 3.10(C)
 VII- 3.20
 VII- 22.0

 Federal Uniform Guidance and FAR/DFAR for Federally funded activities

 President’s letter of signature delegation
Additional Approvals Beyond Procurement and obtained by Procurement

- All Sole Source procurements > $200,000 require the approval of the Vice President and Chief Administrative Officer.
- All Sole Source procurements > $500,000 also require approval from the USM Vice Chancellor of Finance.
- Procurement > $5 million require the approval of the Vice President and Chief Administrative Officer.
- Procurement > $5 million, for the base contract period, require Board of Regents approval.
- Specific procurements > $1 million require approval by the State of Maryland Board of Public Works (BPW).
Additional Approvals Beyond Procurement

Board of Public Works (BPW) Approvals

- BPW is unique to Maryland and is intended to provide transparency to the public related to the actions of State agencies
- BPW consists of the State Governor, Treasurer, and Comptroller
- Reviews and has authority to approve all
- Capital improvements >$1M
- Contracts involving services that are >$1M during the expected life of the contract (including all options), that are not physical infrastructure maintenance activities
- All contract modifications for approved procurements
- All MCCBL/Go bond funded items regardless of dollar amount
- A number of categories are excluded from BPW review and approval
Additional Approvals Beyond Procurement

Board of Regents (BOR) approvals

• BOR approval is required any time a contract is > $5M for the base period of the contract
• BOR approval attaches to all contract types
• Construction activities are approved separately as part of the Capital Plan
• BOR approvals must be planned well in advance
• Campus departments will be informed at the onset of procurement if BOR approval will be required
• BOR agenda items are routed to the AVP of Procurement and Business Services, then to the VP and Chief Administrative Officer for review and submittal to the USM Office
FEARLESSLY FORWARD