Purchasing Requisition

Training

Training Manual & User’s Guide
Procurement Methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Reimbursement</td>
<td>Up to $500</td>
</tr>
<tr>
<td>Invoice Payment/No PO</td>
<td>Up to $500</td>
</tr>
<tr>
<td>Procurement Card</td>
<td>Up to $2,499 per transaction</td>
</tr>
<tr>
<td>Purchase Requisition</td>
<td>All purchases in excess of $500</td>
</tr>
</tbody>
</table>

Official Procurement Policy

It is IIT’s policy to purchase materials and services in compliance with applicable law and to ensure that IIT procures appropriate and needed materials and services under terms and conditions that protect the interests of IIT, its students, and benefactors.

IIT’s Purchasing Procedure provides the minimum requirements to be followed. Departments may adopt procedures that are more rigorous, but not less than the IIT Purchasing Procedure. Documentation supporting adherence to procedures resides at the department level.

Our process requires:

- Advanced approval to incur costs. This approval is manifest in the requisitioning process.

- Use of a competitive process to insure optimal quality and service at minimum cost; to guard against manipulation of the purchasing process; and to provide opportunity for qualified vendors and Minority Business Enterprises (MBEs).
• Inclusion of MBEs in all competitive bid opportunities.

• Managed risk by requiring proof of insurance whenever services are provided on IIT property.

• Written change order requests. Changes to purchase orders will only be initiated with the participation and approval of the requisitioner.

• Per IIT Procedure No: Q-1, dated 05/06, “Authority for Negotiation and Approval of Contracts”; Contracts for goods and/or services in excess of $100,000 must be submitted to the General Counsel’s Office for review.

• Purchases related to grants and sponsored projects must follow all requirements of the funding agencies, which may be more restrictive than IIT’s Purchasing Procedure.

• Adherence to IIT Procedure No: P-1, dated 05/06, “Conflict of Interest Policy.”

Purchasing policy can be found at:

http://www.iit.edu/policy_procedures/purchasing/purchasing_policies.pdf

Competitive Bidding is Fundamental to the Purchasing Process.

### Competitive Bidding

<table>
<thead>
<tr>
<th>Purchase Amount</th>
<th>Documentation of Competitive Bid Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $25,000</td>
<td>⇒ No</td>
</tr>
<tr>
<td>≥ $25,000</td>
<td>⇒ Yes</td>
</tr>
</tbody>
</table>

– These amounts refer to a single requisition.
Regardless of the amount, IIT encourages the purchaser to do comparison shopping in order to identify the best price.

These are the document requirements for competitive bidding:

Total purchase order amount:

- Purchases up to $25,000
  - No requirement to document the price or cost analysis. (no Vendor Selection Form needed)
- > $25,000
  - A **Vendor Selection Form** verifying the bid solicitation effort and receipt of three written bids must be received in Purchasing before release of PO

Exceptions to Competitive Bidding – All are “Sole Source” Situations

- Sole Source
- Disadvantageous to Competitive Bidding
- Inadequate competition
- Purchase of services for a specific professional, technical or artistic skill
- Emergency order situations
Exceptions to Competitive Bidding Requirement

1. *Sole Source Purchase* - Must include sole source justification memo to Purchasing before order will be released. Sole source means that there is no other source for the goods or services being purchased.

2. *“Disadvantageous to Competitive Bidding”* - These purchases are directed to vendors that, while not sole source providers of goods and services, are in a unique position to deliver maximum value to IIT. The written request for exemption from the competitive bid process must describe why its use would be “Disadvantageous”. The Director of Purchasing may: approve the request; ask further questions for clarification; or may reject the request and require competitive bidding. Some examples of “Disadvantageous to Competitive Bidding” would be:

   a. situations in which the competitive bid process would require IIT to put at risk confidential information;

   b. where “set-up costs” involved in changing vendors would be excessive;

   c. or when the purchase is for goods and/or services from a vendor that had previously been chosen to provide those goods and/or services through a competitive bid process conducted within the last six (6) months AND there has been no change in the cost of those goods and/or services.

3. Where, after solicitation of a number of sources, *competition is deemed inadequate*. Written description of the extent to which attempts were made to solicit bids is required.

4. Purchase of services for a *specific professional, technical, or artistic skill*. A written explanation of the specific nature of skill set is required.

5. *Emergency order* situations that don’t permit the delay resulting from competitive solicitations.
Purchasing for Grants and Contracts

• Grants and contracts may have requirements that differ from IIT purchasing policies.
  – For example, a grant may not allow the purchase of office supplies and postage.
  – Whenever grant and contract purchasing requirements differ from IIT policies, follow whichever requirements are more restrictive.

Final Approvers of Requisitions by Amount (Non-grant Funds)

<table>
<thead>
<tr>
<th>Amount</th>
<th>Final Approver</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500 - $25,000</td>
<td>Admin Assistant</td>
</tr>
<tr>
<td>≤ $99,999</td>
<td>AVP/Chair or Designee</td>
</tr>
<tr>
<td>$100,000 - $999,999</td>
<td>VP or Dean</td>
</tr>
<tr>
<td>≥ $1,000,000</td>
<td>VP of Finance</td>
</tr>
</tbody>
</table>

IIT’s approval policy is driven by the Sarbanes-Oxley Act of 2002, (Pub. L. No. 107-204, 116 Stat. 745, also known as the Public Company Accounting Reform and Investor Protection Act of 2002), which requires that management take an active role in financial management and not delegate this responsibility to subordinates.
Purchasing’s Requisition Checklist

- Delivery date specified?
- “Attention To” shown?
- Vendor entered?
  - New Vendor?
    - Contact information including vendor name, phone, address, fax, and email?
- Document Text explanation of vendor selection process?
  - Do requisitioners explain process that is in agreement with IIT policy?
  - Have requisitioners succeeded in telling their story?
- Commodity entered and from the Banner Database?
- Brief but clear description including Item Text if necessary
- Unit of measure set?
- Quantity entered?
- Price per unit of measure entered?
- FOAP entered?
- Any zeros in commodity lines?
- Any zeros in FOAP lines?
Requisitioning

Before entering a requisition, make sure you have:

- Competitive Bid Information
  - If the order is greater than $25,000, have information for 3 total written bids.
- Completed a Budget Quick Query (to check for funds before proceeding)
  - Write down FOAP string!
- All of your order information

Entering a Requisition:

1. Log into MyIIT, select the Banner Finance Tab → “Banner SSO” → INB
2. In the “Go To” Field, type FPAREQN
3. Press Enter on your keyboard
4. In the “Requisition:” Field, type NEXT
5. Click on the Next Block key in the toolbar (Or Block → Next )
6. In the “Delivery Date” Field, enter the delivery date (if you know it) OR enter the date that is today + 2 business days.
7. Confirm that the Ship To Address information is correct.
   - If you are shipping to a different on-campus location, click on the Search button ▼, then scroll through the list to find the correct Ship To location in the list.

8. In the “Attention To:” Field, type in the name of who is receiving the goods or services from the vendor and their room number.

   **Attention To:** Jane Smith, Room 101

9. Review that the information on the Requestor/Delivery Information page is correct, then Next Block -or- using your mouse, click on the Vendor Information Tab.

10. First, to search for the vendor, click on the search button ▼ next to the “Vendor:” Field.

11. In the “Option List” Window, use your mouse to click on “Entity Name/ID Search”

12. Using your mouse –or- the Tab button on your keyboard, move the cursor to the “Last Name” Field.

13. Utilizing the wildcard (%) in searching for the Vendor Name, type the percent sign, drop the first letter of the name, type a few more letters of the name, and then finish with the percent sign. If the Vendor’s name is more than one word, only search using ONE of the words.
14. A list will populate with all of the search results, scroll through the list to find your vendor, and then double click on that vendor’s “ID Number”. This action will take you back to the Vendor Information Tab, where the vendor information will now be filled in.

If you cannot find your vendor after trying multiple searches, your vendor may not be in the system yet. You will need to request that the vendor be added to the Banner database.

ADDITION A VENDOR:

Faculty and staff are responsible for initiating requests to add a new vendor to IIT’s Banner vendor database by submission of a Vendor Nomination Form (VNF) to Purchasing. This form provides contact information for the vendor, the submitter’s reasons for asking for the addition of a new vendor and indicates whether this vendor will be subject to any special terms and conditions (due to use of a contract with terms and conditions that vary from IIT’s standards.)

Upon receipt of the VNF, Purchasing will send a new vendor package to the prospective vendor. The new vendor package consists of the following:

- Vendor Application;
- Request for Taxpayer ID;
- IIT Conditions of Purchase;
- Vendor Payment Terms;
- Certificate of Insurance;
• IIT Credit References
• Illinois Tax Exemption Letter
• Certificate regarding suspension and debarment

Exceptions to acceptance of the above will be allowed based on IIT and the vendor entering into a contract specifically negotiated to better address the nature of the purchase relationship.

In order to be considered for addition to the IIT Banner vendor files, the prospective vendor must:
• Complete the Vendor Application
• Provide a completed and signed W-9 form
• Sign acceptance of IIT’s terms and conditions
• Return these forms to Purchasing.

Messages to the Vendor and to Purchasing using Document Text

Go to Options → Document Text. This will take you to a new screen.

Next Block or click in the Text field to add a comment for the vendor or to provide Purchasing with additional instructions. Example:
Note, only checked items will print on the PO.

Then Save ▼ and Exit X. This will take you back to the Commodity/Accounting form.

15. Now, Next Block ▶ or, using your mouse, click on the Commodity/Accounting Tab

Commodity/Accounting Tab
16. Adding items: In the first line, click on the search button \( \text{} \), then click on “Commodity Validation” to scroll through the list of commodity codes. Find the code that most closely matches the item that you are purchasing and double click on it; the Commodity Field for the first line will now be filled in.

17. Item Description: Now \( \text{} \) to the next field. This is where you will enter the Item Description. Make it clear to what it is that you are buying; do not solely use item numbers.

- For example, instead of just “quote A3443214”, you could type “Dell Inspiron Laptop per Quote A3443214”.

- If you need more space for your item description, go to Options \( \rightarrow \) Item Text. This functions similarly to Document Text.

18. Item Information: Use the \( \text{} \) key to edit the U/M (unit of measure), Quantity, and Unit Price. In the Unit Price, only use numbers and decimals.

- If you have a discounted price, use that number and then make note of using the discount in the Item Description or Item Text. For Example: “Includes 10% discount”

19. To add another item, either use Next Record \( \text{} \) or the down arrow \( \downarrow \) on your keyboard. Follow Steps 16-18.

20. When you have finished adding all of the items, Next Block \( \text{} \) to the Accounting (FOAP) block. Using the \( \text{} \) key, enter the FOAP string that you would like to use. The Account will automatically populate based on your Commodity Code.

- To use multiple accounts, enter the first FOAP sequence, then tab to the “Extended” field. Enter the amount that you would like taken from this first FOAP
string -or- check the % box and enter the percentage of the total amount that you would like to be used from the first FOAP string (ex. Type “50” for 50%)

Then use Next Record to enter the next FOAP string and repeat the process.

21. Once all the money has been allocated to FOAPs, use Next Block -or- click on the Balancing/Completion Tab

22. Check that the status fields all read “balanced”

Then click on the Complete button to finish (or the In Process to not complete the requisition).

Accessing Banner Purchasing Training Tools

Under the myIIT Banner Finance Tab, you can find a link to the Purchasing Portal site which is listed under “Controller Policies and Forms”.