

College Procedure: 730.3 – Purchasing
Policy Reference: 730 – Purchasing
Responsible Department: Finance
Approval Authority: Cabinet
Procedure Owner: Vice President, Finance
Effective Date: 6/13/2011

Version Number: 4

Legal Counsel Reviewed (yes/no): No

Legal Reference(s):

Scope: College-wide

Reason for Procedure

This procedure will support a process to ensure use of College funds have been properly evaluated, requested and approved, facilitate timely payment to vendors and aid in the College's ability to obtain competitive pricing for equipment, products and services.

The Procedure

General:

This procedure applies when a need arises for College funds to be utilized for procuring equipment, product or services directly related to College activities. Purchases will be awarded without favoritism or prejudice to the most cost effective quote or bid meeting the specifications of the request. The College reserves the right to reject any or all bids or quotes. Unless otherwise noted, all purchases for equipment, products, and services will be initiated by the issuance of a purchase order. When possible, practical and cost competitive, purchases will be made with local vendors as well as targeted small businesses.

Responsibility:

Initiators of purchases are responsible for knowing and adhering to the rules set forth in this procedure, complying with various published purchasing procedures of the process, including gathering quotes, bids, or issuing a Request for Proposal (RFP) and ensuring the completeness and accuracy of requests and documentation.

Approvers of purchases are responsible for knowing, adhering to, and assisting with administration of the rules set forth in this procedure, including purchasing approval procedures. Approvers are responsible for awareness of budget capacities and directing which operational unit(s) purchases should be expended from.

Finance personnel are responsible for knowing, adhering to and assisting with the administration of the rules set forth in this procedure. Finance personnel are responsible for accurate and timely processing of vendor invoices and payment requests, and answering vendor payment inquiries as necessary.

The **Resource Use Committee**, as established by the KCC Cabinet, is responsible for the centralized review, evaluation and allocation of restricted funding sources at the College.

Vendor Relationships:

Due to the decentralized nature of the purchasing process, individuals within departments may be the Kirkwood representative in contact with certain vendors. In any case, relationships with vendors will always remain professional, courteous and without the appearance of any conflicts of interest. Regulations within Iowa Code prohibit any government employee from accepting a gift with a monetary value greater than \$3 including certain vendor promotional materials.

All vendors will be required to provide a completed W9 form. When applicable, the Independent Contractor Process will be completed to properly process those providing a service to the College.

Contracts/Leases:

Contracts related to construction or building projects will be reviewed by the Vice President of Facilities as well as applicable legal and insurance review. Construction projects will abide by the regulations of Iowa Code, Chapter 26 Public Construction Bidding (as well as any amendments or changes made related to that chapter). Any leases related to land, buildings or building space will be reviewed by the Vice President of Facilities as well as applicable legal and insurance review. Equipment purchases involving contracts or lease agreements will be reviewed by the Director of Risk Transfer and legal counsel. Any contracts, leases or agreements will be signed in accordance with the Signature Authority procedure.

State/Federal Contract Pricing:

In some situations, certain purchases may qualify to utilize an existing state or federal contract (i.e. consortium) to take advantage of preferred pricing. If relevant and cost effective, these contracts should be utilized.

Office Supplies:

The College has engaged in a contract with Office Express for exclusive rights to the purchase of office supplies effective March 1, 2016. Office Express provides and maintains an online ordering system. The Executive Assistant to the VP/CFO-COO manages the contract and assists in the administration and setup of the ordering system. Necessary office supplies should be purchased via the online ordering system and by use of a P-Card for payment.

Computer Equipment and Safety/Security Systems:

Technology Services is responsible for purchasing computer equipment for the College that meets hardware, software and network standards. In an effort to manage the variety of equipment connected to the campus network and to minimize the overhead required to maintain that equipment, standard configurations have been established. Some variation is allowable without compromising support.

Procurement requests for utilization of College funds (unrestricted or restricted) for hardware and software purchases must be made through the Purchasing and Inventory Manager within Technology Services. Technology Services will determine the ideal configuration, assign appropriate service levels and obtain competitive pricing.

The safety and security systems of the College (security control, lighting, heating, fire control) are administered and maintained by the Facilities department. Purchases related to the safety and security systems will be made through the Facilities department.

Capital Purchases:

Certain purchases meeting specific requirements are considered capital in nature and are separately identified and categorized. The Capital Asset procedure establishes clear parameters for treating certain purchases or donation of real or tangible property as capital assets. Donated or purchased real or tangible property in excess of \$5,000 with an estimated useful life of at least 3 years is considered a capital asset.

Real Property is defined as any subset of land that has been legally defined as well as any improvements made to the land (i.e., wells, buildings, roads). Tangible property items generally fall into categories such as equipment, machinery, furniture, fixtures, software, computers and vehicles to name a few. Tangible property can generally be moved from one location to another (i.e. desk, vehicle, machinery).

Guidance of the treatment, identification and recording of capital assets can be found in the Kirkwood Capital Asset procedure.

Vehicle and Mobile Equipment Purchases:

Due to the additional titling, licensing and insurance requirements related to vehicle and mobile equipment purchases, purchases within these categories may require issuing a Request for Proposal (RFP) or will be initiated through the requisition process. Such purchases will not be made utilizing a Kirkwood P-Card.

Grant-Related Purchases:

Purchases with grant funds must adhere to the requirements set forth within the grant. If there are additional requirements, controls, required within a specific grant, those requirements must be considered in addition to the requirements within this procedure.

Kirkwood Internal Services:

Services between departments may be provided within the College. The recording of the transactions between College departments will generally be handled via interdepartmental transfers. Depending on the nature of the exchange, other College procedures may be applicable.

The Process

General:

Based on the requirements of purchase, vendors will be contacted to obtain a quote, bid or initiate a formal RFP. Vendors may be contacted by the initiator. Once all quotes/bids/RFPs are gathered, the purchase decision will be made based on all factors. If all other factors are equal, the lowest quote/bid/RFP will be awarded the purchase.

Following are quote/bid/RFP procedures as well as approval requirements within certain ranges of purchase amounts:

Purchases \$5000 or greater and less than \$25,000

- Requires quotes/bids from at least 2 vendors.
- Quotes will be obtained in some written manner (email and fax are acceptable).
- Must be approved by a Budget Officer or designee.

Purchases \$25,000 or greater and less than \$100,000

- Requires quotes/bids from at least 3 vendors.
- Quotes will be obtained in some written manner (email and fax are acceptable).
- Must be approved by a Budget Officer **and** a member of Cabinet.
- Must be approved by CFO/COO if purchase was not included in current budget considerations.

Purchases \$100,000 or greater

- Requires a Request for Proposal (RFP) to solicit bids from qualified vendors. Please reference College Procedure 730.5 – Request for Proposal to ensure all necessary steps are completed for the RFP.
- Construction related purchases will follow Chapter 26 of Iowa Code for sealed bid procedures.
- Non-construction related purchases will proceed as follows:
 - Purchase request must be approved by the Board of Trustees before issuing the notice to bidders.
 - Once approved by the Board, a notice to bidders must be published within 10 business days in a newspaper of general circulation.
 - Sealed bids are required and will be reviewed on the published due date and at a location open to the public.
 - Once the selection is made, the purchase is authorized and a purchase order may be generated. Board approval of the selection is not necessary prior to the purchase order being issued.
 - The Board will be advised of the result of the bids and winning vendor at the next board meeting following the selection of the winner.

While purchases in excess of \$100,000 require a Request for Proposal (RFP), use of the RFP to solicit bids from qualified vendors should be considered:

- For costly and/or complex purchases, especially when there are a variety of factors you need to evaluate and consider when selecting the right vendor and solution.

- When the request requires technical expertise, specialized capability, or where the product or service being requested does not yet exist, and the proposal may require research and development to create whatever is being requested.
- When re-bidding a good or service that has not been bid for five years or more.

Purchases utilizing restricted funding sources will require additional review and approvals from the Resource Use Committee.

Quotes/Bids/Request for Proposals (RFPs):

When quotes/bids/request for proposals are required, each vendor contacted will receive complete specifications and requirements. In certain circumstances, information is obtained online through vendor websites or online price comparison sites. Specifications and requirements will be submitted consistently to ensure valid vendor comparisons.

In limited circumstances, it may be determined that the specifications of services or goods/equipment required can only be provided by one vendor (i.e. availability, specialty services, government contract utilization). Expectations with regard to fair pricing and quality of work remain intact for the qualified vendor.

Approvals:

Appropriate levels of approvals must be obtained to authorize any purchase request. An initiator and approver cannot be the same individual for a purchase request. In general, an approver for a purchase request will have greater organizational/budget authority than the individual initiating the request.

Requisitions:

Requisitions are the first step in the process for procuring goods and/or services. Requisitions serve as the documented request to utilize College funds for a purchase. A requisition must be approved through appropriate channels in order for a purchase to be authorized (creation of purchase order).

Requisitions are created, routed and approved electronically through Colleague. The Budget Officer designates certain employees to serve as initiators of requisitions. Requisitions will provide full and itemized descriptions for goods and/or services to be purchased as well as which vendor has been selected for the purchase. Finance personnel will serve as final approval on all requisitions to ensure completeness and budget availability. Lack of required information, budget shortfalls or lack of approvals may result in the rejection of requisitions.

Requisition Exceptions:

Due to the nature of certain purchases, requisitions may not be required. Following is a list of purchases that could be exempt from requisitions:

- Inventory purchases tracked and monitored within a system separate from Colleague; current list pricing must be maintained to ensure competitive pricing.
- Emergency purchases (i.e. critical repairs, prevention of significant discomfort or disruption to students or staff, safety issues, prevention of damage).
- P-card purchases – requisition within Colleague not required – quote/bid procedures and approval requirements must still be adhered to.

Purchase Orders:

Once a requisition has all the required approvals, a purchase order will be generated for the requisition. The purchase order is the authorization to utilize College funds to purchase goods and/or services. No purchases should be initiated prior to the issuance of a purchase order. Finance facilitates the creation of each purchase order and routes the completed PO/BPO to the initiator. Purchase orders are sequentially numbered by Colleague to assist with tracking and reporting.

Receiving:

The act of receiving ordered goods or services is a critical component to the purchasing process. Generally, receiving includes an inspection of the ordered goods or services to ensure purchased items are in good condition and according to the specifications of the order. The initiator will conduct this receipt and inspection of the order.

In addition to the physical receiving process, goods or services must also be received within the Colleague system following the receipt and inspection of the order. Once orders are marked as received in Colleague, the corresponding vendor invoices should be marked as approved for payment, signed, dated and sent to Accounts Payable for payment to be issued.

Moving Heavy Items Purchased:

It is required for both personal and equipment safety to give reasonable notification to Facilities of the need for assistance moving heavy items. Facilities should be contacted to move equipment and furniture items weighing over 250 lbs. Departments with forklifts may move heavier items on their own with approval from Facilities.

Blanket Purchase Orders:

Blanket purchase orders are utilized in situations where a purchase results in multiple payments made to a certain vendor over a period of time. An example would be a monthly maintenance agreement with a vendor. Instead of creating a purchase order with a line item for each month or creating a purchase order each month, a blanket purchase order can be created for the amount of the annual agreement.

Blanket purchase orders are generated from approved requisitions indicating a blanket purchase order rather than a regular purchase order is required. Finance facilitates the creation of each blanket purchase order and routes the completed BPO to the initiator. Blanket purchase orders are sequentially numbered (separate sequencing from regular purchase orders) by Colleague to assist with tracking and reporting. Designated and approved invoices are applied against the blanket purchase order thereby reducing the remaining authorized dollar amount on the blanket purchase order.

Vendor Payment:

Approved invoices should be sent directly to the Accounts Payable department to expedite payment. Invoices will be paid if corresponding items from the purchase order have been received and match within acceptable limits. Any variances greater than 10% from the purchase order may require additional approval from PO approver. Freight is not considered a variance but will be reviewed for reasonable pricing. Invoices will be matched up with purchase orders accordingly, paid and imaged into the system for record keeping.

Invoices corresponding with blanket purchase orders require approval by the initiator or approver for payment. Such invoices will not be automatically applied and paid to the blanket purchase order referenced.

Purchasing Card:

Purchasing cards are Kirkwood-issued credit cards (P-Card) utilized to make purchases related to College business and activities. P-Cards are utilized in an effort to aid in efficient procurement for certain purchases and take advantage of the rebate program offered by the credit card vendor.

Payment Request Forms:

Payment Request Forms (PRF) are the least preferred method of requesting a vendor payment. The PRF should not be utilized as a replacement for a purchase that should have been handled through the requisition/purchase order process.

Payment request forms are most common in the following situations:

- Vendor will not accept a Purchase Order, Blanket Purchase Order or P-Card, or charges an additional fee for using a P-Card.
- Good or services are not purchased (e.g., a refund of an overpayment).
- Reimbursement to individuals for goods/supplies.
- Emergency purchases (i.e., prevention of significant discomfort or disruption to students or staff, safety issues, prevention of damage).
- Special handling instructions need to be communicated to Accounts Payable (e.g., conference registrations, membership dues).

Honorarium Forms:

An honorarium is a payment made to a person for his/her services in a volunteer capacity or for services for which fees are not traditionally required. These forms are not used for any type of payments to a Kirkwood employee. An example is when an individual agrees to be a guest speaker at a conference or meeting and has no expectation of being paid to do so.

Signature Authority:

The College must ensure that it complies with federal, state and local requirements in obtaining legally binding signatures for all contracts and agreements. This procedure applies to all documents that obligate the College, irrespective of the title or designation of the document; for example, "contracts", "agreements", "memorandum of understanding (MOU)", "memorandum of agreement (MOA). Any contracts, leases, or agreements will be signed in accordance with the Signature Authority procedure.

References

Capital Asset Procedure
 Independent Contractor
 Process Purchasing Card
 Procedure
 Request for Proposal (RFP) Procedure
 Resource Use Committee Charter
 Signature Authority Procedure
 Travel & Business Expense Procedure

Definitions

Term	Definition
Approvers	Individuals responsible for approving requests for purchases
Bid	Pricing for equipment, goods, or services
Dean	Administrator holding budget responsibility over instructional department/area
Director	Administrator holding budget responsibility over operational department/area
Initiators	Designated individuals within departments responsible for processing requests for purchases
Purchase Order	Authorization to initiate an order with a vendor for procurement of equipment, goods, or services
Quote	Pricing for equipment, goods, or services
Request for Proposal (RFP)	An RFP is used to solicit bids from qualified vendors and identify which vendor might be the best qualified to complete the project. The RFP presents preliminary requirements for the good or service, and may dictate to varying degrees the exact structure and format of the supplier's response.
Requisition	Request to utilize college funds for procurement of equipment, goods, or services for college related activities
Sealed Bid	Pricing for goods, services, or equipment received in a manner which prevents disclosure of the information until a specified date and time

Version Number	Date Approved	Approved by	Brief Description of Change
1	6/13/2011	Jim Choate, Vice President, Finance	
2			New template 9/1/2017
3		Cabinet	Procedure template 10/22/2019
4	10/13/2020	Cabinet	Procedures updated re: Purchases \$100,00 or greater