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Standard Operating Procedure

1. Purpose

To establish procedures for purchasing goods and services on behalf of the College.

Relevant background information: The Board of Trustees has delegated the facilitation of all purchasing activities to the Purchasing Department through the establishment of a Purchasing Policy.

2. Scope

This procedure provides guidance to employees of the College that request, approve, and/or purchase goods, services and/or leases on behalf of the College.

3. Prerequisites

College personnel that participate in purchasing activities must complete the list of internal training programs below:


Choosing the Right FOAPAL
 My Requisitions
 Create a Purchase Order from a Blanket Purchase Order
 Who Can Sign A Contract?
 Creating a Receiver
 See a Penny, Pick It Up
 Financial Services Training (Face to Face Sessions – Offered Twice a Year)

Additionally, college personnel that are authorized to use a College supplied purchasing card are required to take the following training courses:

Concur Expense Reconciliation
 Using an LCC Credit Card

4. Responsibilities

Responsibility for the interpretation and administration of this procedure is delegated to the Executive Vice President or his/her designee.

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5. Procedure

Purchase Order Processing

Purchase Order (PO) requests are initiated by a requisition. The requisition should include detailed information regarding the requested product or service as well as the following items: FOAPAL, desired delivery date (or contract period), delivery location, LCC Contact person (with telephone number), vendor information (vendor name, contact person, phone number and e-mail address), quantity, complete description (i.e. expected service, model number and/or manufacture number), event date and all other pertinent information.

If the Requisition is < \$5,000 the requested Purchase Order (PO) will be processed within 5 business days of requisition and supporting material being received and time stamped in the Purchasing Department.

If the Requisition is >= \$5,000, but < \$25,000 the requested PO will be processed within 8 business days, the Buyer will request and receive minimum of three written quotations from the vendor community (via fax, e-mail or www.bid4michigan.com) and review those quotes with the requesting Department.

If the Requisition is > = \$25,000, but <\$100,000 the Buyer will request and receive written proposals from the vendor community (via www.bid4michigan.com) and schedule evaluation team meetings with the requesting Department. This process may take two weeks or more.


If the purchase is expected to be >= \$100,000 the Buyer will request and receive written proposals from the vendor community (via www.bid4michigan.com) and schedule evaluation team meetings with the requesting Department. The award recommendation for the PO will be presented to the Board of Trustees. Only approved POs will be processed. This process could take 8 weeks or more.

Blanket Purchase Order Processing

Blanket Purchase Order (BPO) requests are initiated via completion of a New Project Request Form.

If the BPO is expected to be >= \$5,000, but < \$25,000 the Buyer will request and receive a minimum of three written quotations from the vendor community (via fax, e-mail or www.bid4michigan.com) and review those quotes with the requesting Department. This process may take two weeks or more.

If the BPO is expected to be > = \$25,000, but <\$100,000 the Buyer will request and receive written proposals from the vendor community (via www.bid4michigan.com) and schedule evaluation team meetings with the requesting Department.

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If the BPO is expected to be \geq \$100,000 the Buyer will request and receive written proposals from the vendor community (via www.bid4michigan.com) and schedule evaluation team meetings with the requesting Department. The award recommendation for the BPO will be presented to the Board of Trustees. Only approved BPOs will be processed. This process could take 8 weeks or more.

Noncompetitive Purchase: Sole Source

Approved Sole Source purchases below \$5,000 are automatically processed into purchase orders after receipt of an approved requisition.

Sole Source purchases over \$4,999 require authorization (via Sole Source Form PURWI002). Notices of intent to Sole Source a commodity or service is posted for three business days prior to execution.

Sole Source purchases greater than or equal to \$25,000 are reported to the Audit Committee of the Board of Trustees within 3 business days. Sole Source purchases greater than or equal to \$100,000 are subject to Board of Trustees approval.

Noncompetitive Purchase: No Bid

Authorization is required in order to purchase product or services that are expected to cost \$5,000 or more without receipt of quotations or competitive bids (via No Bid Justification Form PURFR089).


No Bid purchases greater than or equal to \$25,000 are reported to the Audit Committee of the Board of Trustees within 3 business days. No Bid purchases greater than or equal to \$100,000 are subject to Board of Trustees approval.

Cooperative Purchases

The College may sign a participating addendum or similar document to participate in a competitively bid cooperative contract. Sealed bids are not required for these purchases. However, such purchases are subject to all other purchasing procedures.

General Services Administration (GSA)

General Services Administration (GSA) provides states and localities access to certain items offered through GSA's Federal Supply Schedule 70, Information Technology (IT), and Consolidated Schedule contracts. These contracts are made available for the purposes of cooperative purchasing (Section 211 of the E-Government Act of 2002 as amended). Use of GSA contracts must be approved by the Purchasing Director or designee.

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Change Order Process

A Change Order to a Purchase Order (PO) or Blanket Purchase Order (BPO) may be requested by sending an email to fs-purchasing@lcc.edu.

If the Change Order request is <\$100,000 the request will be processed within 4 business days of the request. However if the request is >=\$100,000 or the cumulative value of previous Change Orders and the newly requested Change Order request >= \$100,000 then the request is submitted to the Board of Trustees for approval.

Information Technology Purchases

Purchases of information technology hardware and software must be reviewed and approved by the Information Technology Services (ITS), Department Chair/Director and ELT member or designee of the requesting department. The review is initiated by completing and submitting the PURFR093 form to ITS at LCC1@lcc.edu. Approval documents must be submitted to the Purchasing Department along with the corresponding requisition.

All information technology purchases that can be categorized as software or will involve project implementation work through LCC Information Technology Services (ITS), will require approval for purchase, implementation, and scheduling from the LCC Project Management Request Team (PMRT). Project request can be submitted to PMRT at the following link:

<https://5starservicecenter.lcc.edu/TDClient/Requests/ServiceDet?ID=50>

Approved requests will be forwarded to the Purchasing Department.

Invoices


All invoices from vendors must be emailed to FS-APPAYABLE@star.lcc.edu without exception. Department representatives may be copied on the email.

Lease Agreements

All lease agreements and lease agreement renewals are subject to review and approval from the Executive Director of Administrative Services Division, Director of Risk Management and Legal Services, and Chief Financial Officer.

Independent Contractors

Departments interested in receiving services from Independent Contractors must complete PURF106 and return it to Human Resources at kronemaa@star.lcc.edu. Such request are subject to the approval of Human Resources and Financial Services.

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Equipment Maintenance

Maintenance Contracts purchased from the manufacturer or supplier of the specific equipment to be serviced may be made with or without competitive bidding depending on the availability of alternative suppliers and with the approval of Purchasing Director.

Contract Signature Request

Only individuals employed by the College in the following positions may sign a contract on behalf of the College: President, Executive Vice President, Chief Financial Officer, and Purchasing Director.

Purchasing Form PURFR105 must be completed when a contract signature is needed to complete the purchase of goods and services. Financial Services Form FSDFR015 must be completed when a contract signature is needed to solidify partnerships, lease agreements, and purchases of real property.

Purchasing Card Activities

The LCC Purchasing Card Program provides a mechanism to efficiently and effectively execute travel and small-dollar, non-inventory, non-capital purchases made by authorized employees. The LCC Card is to be used to make small dollar supply purchases and/or travel arrangements. Generally a small dollar purchase is below \$1,000. All equipment purchases with a dollar value of more than \$1,000 must use the Banner requisition process. Unless a purchase is made under an existing contract, all purchases of more than \$2,500 must be executed by the Purchasing Department.

eBay and Other Online Sellers


Purchases may be made from eBay and other online sellers when purchasing through the standard competitive bid process is not practical (such as purchases for used vehicles and aviation parts). Such purchases are subject to approval from the Purchasing Director.

Surplus

Surplus property may be sold via various online services and/or the State of Michigan Surplus. All request to dispose of surplus property must be submitted to the Executive Director of the Administrative Services Division (except for information technology surplus items which are disposed of by ITS).

Purchases with Federal Dollars

Purchases made with federal dollars (grant or otherwise) are subject to the Code of Federal Regulations.

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Conflict of Interest with Vendors

A conflict of interest exists when a College employee, officer or agent’s direct or indirect personal interests are inconsistent with or interfere in any way with the best interests of the College. Through this procedure, the College intends to implement the highest possible ethical standards and to establish that the College will not tolerate conflicts of interest. Therefore, the below statements apply to employees, officers and agents of the College:


College employees, officers, and agents shall perform their duties in a manner free from conflict of interest to assure the proper performance of College business as well as to earn and keep public confidence.

No College employees, officers, and agents shall engage in or have financial interest in any activity that conflicts or raises a reasonable question of conflict with his or her duties and responsibilities.

An employee who participates in the selection or approval of products or sources of supply, or who has supervisory responsibility for such employees, may not have a financial interest in the company which furnishes the supplies or services being purchased. This would avoid an unfair competitive advantage and protect the interests of LCC. For this reason, employees directly involved in the purchasing process are to refrain from any outside activity or relationship which lessens their impartiality, judgment, or effectiveness. This policy does not prohibit the ownership of stock in large publicly owned companies whose stock is listed and sold on a recognized stock exchange. That said, disclosure of relationships with vendors is required:

- In instances of financial interests (e.g., employee’s spouse or other immediate relative is an owner or shareholder or an employee of a firm); and
- In any situation where there is a potential for an employee to benefit financially from a business transaction conducted by the College.

To comply with the Code of Federal Regulations Section 200.318, no employee, officer, or agent must participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the College must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

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Gifts & Gratuities


All College employees, officers, and agents are to avoid accepting any kind of gratuities, tips or gifts for himself/herself or for any member of his or her family. This includes merchandise, cash, services, entertainment and other courtesies.

It is essential to both the College and its suppliers that all decisions and actions regarding purchasing are based upon proper business considerations and are not influenced in any way by personal obligations. Most offers of this kind are made in the spirit of good business relations without the intent to obligate the recipient in any way. However, it is extremely difficult to differentiate between minor gratuities or courtesies and those which will cause some feeling of obligation or create any unfavorable impression in the minds of other vendors. Because of this difficulty employees must refrain from accepting any gratuity regardless of its magnitude or the manner in which it is presented. Notwithstanding the following exceptions apply:

- Calendars, desk novelties, or similar advertising items of less than \$25.00 in value (this dollar limit will be reviewed and revised in accordance with IRS limit on business gift deductions);
- Reasonably priced meals accepted in settings where College business is conducted;
- Textbooks, recorded media, software, or similar work-related items for which the school is not being charged;
- Nominal prizes (valued at \$25 or less) won by employees through random drawings;
- Complimentary training offered by current vendors; and
- Complimentary equipment offered by current vendors that do not impose a continuing obligation (only after receipt of approval from Chief Financial Officer or designee).

Any other exceptions to this policy should be reviewed by the President, Executive Vice President, Provost, or Chief Financial Officer to determine if special circumstances exist to warrant the acceptance of a gift from a vendor, or to determine whether a gift should be declined or returned.

Employees must exercise caution that neither regular gifts of nominal value, nor reasonably priced meals from a particular vendor, do not gradually accumulate into an embarrassing obligation (or violation of this procedure). Under no circumstances shall an employee accept a gratuity where prohibited by law, policy or regulation or where the appearance of impropriety may occur.

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Communication with Vendors

It is expected that LCC staff will receive phone calls from vendors seeking to do business with the College. If the vendor's product is anticipated to be less than \$5,000 LCC staff can request quotations at their discretion. However, staff are not authorized to request delivery or confirm a purchase until a purchase order is issued from the Purchasing Department or an authorized purchasing card transaction has been made.

Appropriate communication with vendors is outlined in the Vendor Communications Procedure. All employees that plan to meet with current and prospective vendors and employees that plan on requesting loaner or demonstration equipment should review the Vendor Communications Procedure prior to engaging with vendors.

Purchasing Policy & Standard Operating Procedure Violations


Violations of purchasing policies and procedures are subject to disciplinary action up to termination. Therefore, the following must be avoided:

- Signing contracts when you are not an authorized signer for the College;
- Splitting orders (pyramid purchases) to avoid the competitive bid process;
- Authorizing delivery of goods and services without a purchase order or purchasing card authority for such purchases;
- Mailing goods purchased with College funds to non-LCC addresses;
- Using the LCC Card for personal purchases;
- Using someone else's LCC Card;
- Allowing someone else to use the LCC Card designated for you; and
- Making purchases using someone else's Buyer Code.

All cumulative violations of purchased items over \$1,000 of this policy shall be reported to the Audit Committee of the Board of Trustees. Any instance of fraud or misuse of College funds will be reported immediately. Any cumulative amount over \$1,000 will be reported to the appropriate Executive Leadership Team member and Human Resources.

6. References

Purchasing Policy
Purchasing with Federal Funds Procedure
Communication with Vendors Procedure
LCC Card Guidebook
Purchasing Service Level Agreements (SLAs) & Flow Charts
Purchasing Card Allowable/Non-Allowable List

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7. Definitions

Requisition

A precise document generated by an internal department to notify the Purchasing Department of items it needs to order, their quantity, and the time frame that will be given in the future. Requisitions are created and approved through the Banner System.

Purchase Order

A purchase order is a legally binding document between a supplier and a buyer. It details the items the buyer agrees to purchase at a certain price point. It also outlines the delivery date and terms of services. This document is created in Banner based on information provided on the requisition. It is subject to an internal approval process. When purchase orders are created funds have already been encumbered.

Blanket Purchase Order

A blanket purchase order (BPO) is a legally binding document between a supplier and a buyer. It is created to establish an agreement for the Buyer to purchase a defined dollar amount of goods and services over a period of time. This document is also created in Banner. However, it is not developed from the requisition and funds are not encumbered. It is also subject to an approval process. The BPO is unique in that multiple PO releases can be created against the BPO by department personnel. When this occurs funds are encumbered.

Purchasing Card


The LCC Purchasing Card Program has been designed to provide a convenient process with which to make purchases and travel arrangements, and at the same time, reduce the costs associated with initiating and paying for those purchases. The LCC Card Guidebook provides basic steps for using the LCC Card and covers usage compliance issues, documenting transactions, and more.

Sole Source

A Sole Source purchase may occur when there is only one vendor uniquely qualified to provide a specific commodity or service (example: proprietary software and equipment).

No Bid

A No Bid purchase occurs when obtaining competitive bids is impractical or when substitutes have been ascertained to be unacceptable. As an Executive Privilege, the President of the College may, at his/her sole discretion, enter into professional services contracts not to exceed \$24,999 (a maximum of six per fiscal year).

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Change Order

A Change Order to a Purchase Order (PO) or Blanket Purchase Order (BPO) may be initiated based on several factors including FOAPAL changes, delivery date changes, invoice irregularities and/or added service requirements.

Best Value Purchasing

Competitive bids and proposals will be awarded to the responsive and responsible contractors and/or vendors offering the best value to the College. Best value is based on the proposal that meets the evaluation criteria and offers the best combination of goods, services and pricing to the College.