Procurement Services
Buying Guidelines and Tips

Before you purchase goods or services on behalf of the university, you should be aware of important policies and procedures to guide you in making appropriate buying decisions. This document is an overview of some key procurement policies, procedures, and tips. Consult your Procurement Services buyer, the Procurement Services website, and Standard Practice Guide 507.1 for more information.

Fiscal Accountability
You are responsible and accountable for all transactions you make or authorize others to make.

- Plan your purchases.
- Choose the appropriate buying method.
- Spend within your budget and spending limit.
- Reconcile all transactions to the statement of activity on a timely basis.
- Maintain proper separation of duties in your unit. For example, the person responsible for buying goods should not also reconcile the statement of activity.
- Use the knowledge and experience of Procurement Services buyers.

Spending Authority
Faculty and staff are authorized to commit funds on behalf of the university for purchases of goods and services totaling less than $10,000 per transaction. Contact Procurement Services for exceptions to this transaction limit. See the section on Competitive Bid Requirement and Process for information on procuring goods and services totaling $10,000 and greater.

Note: splitting a transaction into small dollar amounts to avoid the competitive bid limit is a serious policy violation.

Signature Authority
Authority to sign procurement contracts, agreements, leases and other binding documents has not been delegated to university faculty and staff. Those signing external agreements or attempting to bind the university in any other means without first obtaining authority may become subject to legal action and may also be subject to university disciplinary action up to and including termination.

Choose the Appropriate Buying Method
Before you buy, consider which of the approved buying methods is most appropriate to use. The buying methods are listed below in the order in which you should consider using them. Click the link to learn more about each method.

- Internal Service Units
- University Contracts (including M-marketsite suppliers)
- ePro requisition
- P-Card

University Contracts and Internal Service Units can be cost-effective and save you valuable time in ordering and reconciling transactions. University Contracts have negotiated pricing and offer benefits of lower procurement costs, higher supplier performance levels, and increased value-added services.
Other Procurement Methods

PeoplePay is the process to be used for the purchase of services from *individuals* (not companies) who will be personally performing all the services required under the transaction. It is also used to pay individuals for honoraria, and for royalties, prizes, gifts and awards.

The Non-PO Voucher is a method of payment, primarily for reimbursements to non-employees. It is not a method for ordering goods or services. It may also be used in limited circumstances, with prior approval from Procurement Services, for payments when a supplier will not accept a purchase order or a P-Card.

Competitive Bid Requirement and Process

The Regents require that all transactions $10,000 and greater be competitively bid to ensure that prices are fair and reasonable. Competitive bidding is the process that allows Procurement Services to properly survey the marketplace and evaluate many considerations, including the purchase price.

Procurement Services is the only unit with the authority to (1) issue a Request for Proposal (RFP), Request for Quotation (RFQ), or a Request for Information (RFI) on behalf of the university, and (2) officially receive bids, quotes or proposals to the university for the purchase, use or disposal of goods and services. Any bids, quotes, or proposals received by a faculty or staff member are not considered official and may only be used for budgetary purposes.

Conflict of Interest

The State of Michigan provides that no public servant can be a party, either directly or indirectly, to any contract between the person and the public entity where she or he is an officer or employee (with a few exceptions). Procurement Services strongly discourages purchases from suppliers where an actual or potential conflict may exist. For more information, visit the Procurement Services website.

Audit Process

University units are subject to periodic audits by the Office of University Audits. The audit process examines and evaluates the adequacy and effectiveness of internal controls, which include among other things, safeguarding of assets and compliance with policies, procedures, laws, and regulations.

The Office of Naval Research (ONR) reviews the university’s procurement processes every 3 years, or as determined by the ONR, to evaluate compliance with university procurement policies and procedures and to assess if university policies and procedures comply with federal acquisition requirements.

Tips

- Always check to see if products and services are available through a University Contract or Internal Service Unit before using another buying method.
- Consult Procurement Services for assistance early in the buying process.
- Review your current buying practices to be sure you are following university policies and procedures.
- University purchases are not subject to Michigan sales and use tax when used for educational and charitable purposes. Certain other states also abide by this or an equivalent rule. Exemption certificates are available from the Tax Department website.
- Avoid unauthorized purchases. These are purchases a unit has completed outside the approved buying methods and is trying to pay for “after the fact,” or where the unit has split or deferred a transaction to avoid the competitive bid limit. All unauthorized transactions are reported to the Board of Regents.
- All procurement activities must be in compliance with the university’s Procurement Ethics.

Questions? Call Procurement Services at (734) 764-8212, option 2 or email procurement.services@umich.edu.