



Colorado School of Mines

Purchasing Process



Methods of Purchasing

Purchasing methods include the different processes of ordering goods and/or services, and encumbering funds.

Method of Purchase

Field Purchase Orders (FPO)

Accepted on an exception basis only. They require an Electronic Entry into Banner INB

Why: Used when a vendor will not accept a P-Card

When: the total dollar amount is *less than \$1,000*

Example: Ordering business cards through the State

Method of Purchase

One Card

P-card combined with the Travel Card into a “One Card”

Why: Most efficient method of purchasing (does not require the processing of a Purchase Order)

When: When the total dollar amount is less than \$4,500 and is not prohibited by One Card Policy

Example: Office supplies and lab supplies

P-Card users must attend training for additional policy and procedures

Method of Purchase

Purchase Order

Requires an **Electronic Requisition** to be submitted to Purchasing

Why: To encumber funds and to obtain required approvals applicable to each purchase **prior** to submitting an order

When: The dollar amount exceeds \$4,500 **OR** the purchase requires pre-approval from various departments (e.g.: items using the School trademarked logos)

Example: Purchasing expensive lab equipment

After the Fact Orders

For each purchase order, an **electronic requisition** must be submitted to Purchasing. Once processed, a purchase order will be submitted to the vendor. Each purchase order that does not follow this process prior to the order being placed is considered an “After-The-Fact”. “After-The-Fact” purchases must be reviewed and approved by the Controller’s Office. This may result in the end user being personally liable for the purchase.

CSM Financial Policy 2.2.5

Methods of Purchasing

Method of Purchase	Notes	Applicable
Field Purchase Orders	Accepted on an exception basis only Require electronic entry into Banner INB	Why: Used when a vendor will not accept a P-Card When: The total dollar amount is less than \$1,000
Procurement Card	Soon to be combined with the Travel Card into "One-Card" P-Card users must attend training	Why: Most efficient method of purchasing that does not require the processing of a Purchase Order When: The total dollar amount is less than \$4,500 and the purchase isn't prohibited by P-Card Policy
Purchase Order	Requires an Electronic Requisition to be submitted to Purchasing	Why: To encumber funds and to obtain required approvals applicable to each purchase prior to submitting an order When: The dollar amount exceeds \$4,500 OR the purchase requires pre-approval from various departments (e.g.: items using the School trademarked logos)

Competitive Solicitation

Competitive solicitations are used based on dollar thresholds* for goods and services. They are used to obtain competitive pricing and to provide vendors a fair and equal opportunity to compete for our business.

*Although School of Mines has determined what dollar threshold requires competitive solicitations, there are external compliance factors that impact the threshold limits. (e.g.: NSF research expenditures)

Solicitation Method

Documented Quote (DQ)

A request for a **Documented Quote (DQ)** will be publically posted for at least **3 days**.

Why: To assure that we obtain the best price for higher dollar purchases. Lowest cost is the primary consideration for awarding to vendors.

When:

- **Goods:** Between \$10,000 and \$150,000
- **Services:** Between \$25,000 and \$150,000. ***Services above \$100,000 will also require a formal contract to be executed.***

Example: 5 Olympus Microscopes with accessories totaling \$55,970.50

Solicitation Method

Sole Source

A Sole Source requires approval by the Director of Financial Planning and Business Operations and is for exceptions only. It is a procurement made without competition and still requires the notice to be publically posted for **3 days**. It requires documented justification provided by the requestor.

Why: There is only one solution for a purchasing need. Other solutions do not exist or using an alternative creates undue hardship and threatens business operations.

When: Sole Sources are used on a rare exception basis when competition is otherwise required.*

Example: Purchasing additional modules for our Enterprise System, Banner.

*Many formal protests result from sole source requests and have delayed the procurement process.

Solicitation Method

Invitation for Bid (IFB)

A request for an **Invitation for Bid (IFB)** will be publically posted for at least **14 days**. This is a sealed bid with a more formal process for reviewing responses.

Why: IFBs are used in cases where the exact specifications for a desired purchase are already known. To assure that we obtain the best price, the lowest cost is the primary consideration.

When:

- **Goods:** Above \$150,000
- **Services:** Above \$150,000 – ***Services above \$100,000 will also require a formal contract to be executed.***

Example: Furnishings for the new dining hall totaling \$213,906.68



Solicitation Method

Request for Proposal (RFP)

A **Request for Proposal (RFP)** is a solicitation where the primary consideration for award is not limited to price. The RFP is publically posted for at least **30 calendar days**.

Why: Request for Proposals are used to find solutions to a purchasing need that can be evaluated on factors not limited to price.

When: RFPs are used for purchases over \$150,000 (not limited to purchases only over \$150,000) when the entire solution will be evaluated for many factors, including price.

Example: Determining which company will provide campus-wide dining services.

Solicitation Methods

Goods

Threshold	Solicitation Method	Applicable
$\$10,000 > X$	No Solicitation	
$\$10,000 < X < \$150,000$	Documented Quote	Why: To assure that we obtain the best price for higher dollar purchases. Lowest cost is the primary consideration for awarding vendors
$\$10,000 < X$	Sole Source	<p>Why: There is only one solution for a purchasing need. Other solutions do not exist or using an alternative creates undue hardship and threatens business operations</p> <p>When: Sole Sources are used on a rare exception basis when competition is otherwise required</p>
$\$150,000 < X$	Invitation for Bid	Why: IFBs are used in cases where the exact specifications for a desired purchase are already known. To assure that we obtain the best price, the lowest cost is the primary consideration.
$\$150,000 < X$ (Can be used for purchases under \$150,000 when necessary)	Request for Proposal	Why: They are used to find solutions to a purchasing need that can be evaluated on factors not limited to price.

Solicitation Methods

Services

Threshold	Solicitation Method	Applicable
$\$25,000 > X$	No Solicitation	
$\$25,000 < X < \$150,000$	Documented Quote	Why: To assure that we obtain the best price for higher dollar purchases. Lowest cost is the primary consideration for awarding vendors
$\$25,000 < X$	Sole Source	<p>Why: There is only one solution for a purchasing need. Other solutions do not exist or using an alternative creates undue hardship and threatens business operations</p> <p>When: Sole Sources are used on a rare exception basis when competition is otherwise required</p>
$\$150,000 < X$	Invitation for Bid	Why: IFBs are used in cases where the exact specifications for a desired purchase are already known. To assure that we obtain the best price, the lowest cost is the primary consideration.
$\$150,000 < X$ (Can be used for purchases under \$150,000 when necessary)	Request for Proposal	Why: They are used to find solutions to a purchasing need that can be evaluated on factors not limited to price.

Procurement Rules

http://inside.mines.edu/UserFiles/File/PoGo/Policies/FIN/FIN_Procurement_Rules_June2012.pdf