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

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

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Solicitation Method</th>
<th>Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,000 &gt; X</td>
<td>No Solicitation</td>
<td></td>
</tr>
<tr>
<td>$10,000 &lt; X &gt; $150,000</td>
<td>Documented Quote</td>
<td>Why: To assure that we obtain the best price for higher dollar purchases. Lowest cost is the primary consideration for awarding vendors</td>
</tr>
</tbody>
</table>
| $10,000 < X        | Sole Source                 | 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 |
| $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

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<th>Applicable</th>
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<td>$25,000 &gt; X</td>
<td>No Solicitation</td>
<td><strong>Why:</strong> To assure that we obtain the best price for higher dollar purchases. Lowest cost is the primary consideration for awarding vendors.</td>
</tr>
<tr>
<td>$25,000 &lt; X &gt; $150,000</td>
<td>Documented Quote</td>
<td><strong>Why:</strong> 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. <strong>When:</strong> Sole Sources are used on a rare exception basis when competition is otherwise required.</td>
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<td>Sole Source</td>
<td><strong>Why:</strong> 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. <strong>When:</strong> Sole Sources are used on a rare exception basis when competition is otherwise required.</td>
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<td>Invitation for Bid</td>
<td><strong>Why:</strong> 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.</td>
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<td>Request for Proposal</td>
<td><strong>Why:</strong> They are used to find solutions to a purchasing need that can be evaluated on factors not limited to price.</td>
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Procurement Rules