

PURCHASING POLICY FREQUENTLY ASKED QUESTIONS

Question: How are competitive sealed bids advertised?

Answer: LCC advertises bids on-line at www.epaonline.com . Other sources will be used as needed (i.e. Trade-A-Plane magazine to advertise Sale Bids for the Aviation Center). (Ref: III.A.1.)

Question: How long is the acquisition process?

Answer: Depending on the goods or services to be purchased, an acquisition plan is created to ensure “sufficient time to prepare the solicitation, advertise, determine qualifications of bidders, availability of plans and specifications, obtain deposits of bidders, receive and open sealed bids, and withdrawal of bids.” (Ref: III.A.2.) Please keep in mind that certain times of the year are busier than others; start of a semester, two weeks before Christmas break, and fiscal year end. If you have purchases during these periods it may take longer than other times through out the year and you will need to plan accordingly.

Question: Who conducts negotiations with suppliers?

Answer: College employees may contact a supplier to obtain pricing and availability of items. Employees are not authorized to commit the college for purchases (except for allowable LCC Card purchases). In a Sole Source or No-bid contract situation, the Purchasing Director, along with a representative from the requesting department, shall conduct negotiations.” (Ref: III.A.6.)

Question: How long does LCC write contracts for?

Answer: Contracts generally do not exceed 7 years. “All contracts for goods and services are subject to a periodic cycle of review for quality and cost, including an assessment of the market through a formalized bid process.” (Ref: III.A.7.) For example, we may have a paper contract for 1 year plus 4 (1) year options to extend. After year 1 we extend the contract for two additional times in 1 year increments. At the end of year 3 we find that pricing for paper products has reduced. We have the opportunity of not extending the contract for year 4, and go out for bids to see if more favorable pricing can be obtained.

Question: Explain the requirement for posting Sole Source purchases.

Answer: A “notice of intended sole source purchases shall be posted on the LCC purchasing and department website for three business days prior to execution.” (Ref: III.B.)

Question: What is a “pyramid purchase”?

Answer: Pyramid purchases are when several small dollar purchases are made over a short period of time in lieu of combining purchases. This has been found to be a way to avoid compliance with the competitive bid requirement of the purchasing policy. Instances of pyramid purchases can happen unintentionally when one or more individuals in the same unit order from the same supplier. Therefore it is important that all individuals authorized to purchase items in a unit coordinate and communicate to take advantage of opportunities to combine purchases to obtain volume supplier discounts through the competitive bid process. Violations must be reported to the Audit Committee monthly. (Ref: III.C.4.)

Question: If the Board of Trustees has approved a capital project, does the Board have to approve subsequent contracts or purchase orders in excess of \$100,000 that were listed as part of the capital project?

Answer: No, if the Board of Trustees approves a capital project all items listed as part of the capital project are approved. Example: Technology Replacement capital project for desktop computers for \$1,000,000. The Board of Trustees approves the capital project which stated competitive bids were issued for desktop computers and company ABC was selected. The Board approves the capital project and the Pre-Award Transmittal to purchase the desktop computers under a contract purchase order from ABC. Subsequent standard purchase orders issued against the contract purchase orders for desktop computers do not require Board approval. (Ref: III.D.1)

Question: Does the \$100,000 purchase amount apply to a single purchase order or purchases over a period of time to the same supplier?

Answer: Purchasing is required to take purchases to the Board of Trustees for approval based upon the total amount of purchases anticipated to be made over the period of the contract. For example: A contract to purchase \$25,000 in print services over a 5 year period. This contract purchase order has \$125,000 anticipated expenditure over 5 years and will require Board approval. (Ref: III.D.3.)

Question: If a piece of major equipment has been approved can I purchase the equipment with my LCC Card?

Answer: The LCC Card is not to be used for the purchase of major equipment. Major equipment is a fixed asset and is required to be purchased on a purchase order and processed through Receiving & Inventory and assigned a fixed asset tag.

Question: How long must I retain LCC Card purchase receipts?

Answer: Save all Original Receipts until you see the status of "PAID" within the Track Submitted Expense Report Section of Oracle Expense Reports.

Question: What does "pyramid purchases" mean?

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Question: Are Cardholders required to use the LCC Card for their small dollar purchases?

Answer: No. You may submit a requisition online through Oracle iProcurement. However, the LCC Card can be a more convenient and efficient way of ordering small dollar items.

Question: How do I obtain an LCC Card?

Answer: To obtain an LCC Card you need to complete an LCC Card Request Form located on Purchasing's web site http://www.lcc.edu/purchasing/card_information/index.htm Prior to

issuance of the LCC Card you must attend training. To register for training go to Star Port – iLearning - located in the HR/Finance Section. There is one two-hour training session scheduled each month. The LCC Card will be issued after attending the face-to-face training session, reading and signing the LCC Card Agreement and the Conflict of Interest Forms. The LCC Card training is highly recommended for department administrators and supervisors who approve expense reports.

Question: Who is authorized to have a LCC Card?

Answer: Supervisors and Department Administrators determine eligibility. The LCC Card can be used for small dollar purchases or travel.

Question: Can the LCC Card be used for personal purchases if the department's account is reimbursed for the charges?

Answer: Under no circumstances shall an LCC Card be used for personal purchases.

Question: Can the LCC Card be utilized for "cash" advances?

Answer: No.

Question: Can the LCC Card be utilized for advertising purchases?

Answer: Yes, as long as you obtain approval in writing from Marketing. The name of the approver and date that the approval was given, must be documented.

Question: Can the LCC Card be utilized for small dollar computer equipment and supplies?

Answer: Yes, as long as you obtain approval in writing by ISCD. The name of the approver and date that the approval was given, must be documented.

Question: Can the LCC Card be utilized for rentals?

Answer: Yes, as long as you are within your transaction limit.

Question: Can departments request Receiving & Inventory personnel to pick up purchases from local suppliers?

Answer: No. Departments must pick up purchases or have it delivered directly to Receiving and Inventory, or to their office by the supplier.

Question: When should Cardholder request a credit from a supplier?

Answer: When a purchase is returned, an order is cancelled, there is an overcharge, a duplicate, or when incorrectly charged.

Question: I have charges on my expense report that I do not recognize. How can I find out more about this charge?

Answer: Follow the Dispute Charge procedures.

Question: I am having problems processing my iExpense Report, where can I get help?

Answer: For step-by-step directions on how to process LCC Card Expense Report: Go To: Star Port Home Tab > Desk Manual Index > Employee > Expense Report Process > LCC Card Reconciliation. Or you may contact the Help Desk at x5221.

Question: How can I establish an account with Michigan State College Stores?

Answer: Contact Terri Westmoreland, x 1786, LCC Card Administrator to make the arrangements. MSU will send a notification as soon as the account has been established.

Question: When an expense report is rejected by the Supervisor (e.g. Supervisor wants a different PTAE0 used), can the originator of the expense report go back through Expenses Entry (Star Port) and edit/correct and resubmit the original expense report? Or does the original, rejected expense report need to be withdrawn/deleted and a complete new report?

Answer: If receipts are not included in the iExpense report – make the requested changes and resubmit your iExpense Report. If receipts are included, first Withdraw and then Delete the rejected expense report. After these two steps, your LCC Card transactions will become available for reconciliation. Create a new expense report from scratch (including printing a confirmation barcode sheet and faxing receipts).

Question: What do I do when the barcode does not appear when I submit my iExpense report?

Answer: Confirm that you are going through Internet Explorer. If you are going through Internet Explorer then you need to contact the Help Desk. After you are notified that the problem has been resolved, to print a barcode for an expense report previously submitted:

- ◆ Sign into Oracle
- ◆ Select Self Service Time & Expense
- ◆ Select Expense Entry
- ◆ Under “Track Submitted Expense Report”, find the expense report you did not get a barcode for and click on the expense report number.
- ◆ The status of the expense report should say “Pending System Administrator Action.” This simply means that the receipts have not been received by the fax server and the expense report won’t continue without them.
- ◆ Print the barcode page and fax to x6950 if on-campus. If off-campus, fax to 2676950.

Question: What does a workflow notification imply that says an expense report has been paid for 0.00?

Answer: This is as a result of an expense report that was submitted for LCC Card reconciliation. This is simply an FYI to let you know that the expense report has now completed review/final approvals. The notification may be deleted.

Question: I am taking a trip at a later date, and I would like to track all of the related expenses for this trip in one location. Can I wait and process all expenses upon my return to campus, even though there are charges related to this trip currently waiting to be processed in iExpense?

Answer: Receipts should be processed as charges are posted in Oracle. A label may be used for a specific expense, and as long as the same label is used for all applicable expenses, a report can be created. For example, I might use TRENDS 06 CONF as a label in the Expense Group field and all expenses for the Trends conference will be located in one location.

Question: When are notifications sent to Cardholders and Supervisors?

Answer: To indicate to a Supervisor that approval needs to take place; when an expense report is

approved by a Supervisor; when an expense report is not approved by a Supervisor after a period of time; when payment is made on an expense report; when the Outstanding Credit Card Transaction Report is processed.

Question: What are the transaction and cycle limits on LCC Cards?

Answer: Single Transaction Limits: All cards carry single transaction limits. Transaction limits are set and approved by the cardholder's Budget Administrator. If a transaction is attempted that exceeds the transaction limit set for the account, the transaction is declined by the supplier bank and is not processed.

Monthly Cycle Limit:

Monthly cycle limits are determined and set by the cardholder's Supervisor, Budget and Program Administrator. When an account reaches its cycle limit all subsequent transactions are declined.

Question: How is fraudulent activity detected?

Answer: Due to the speed of notification, fraudulent transactions are discovered and disputed immediately. The College is not liable for fraudulent activity on LCC Card accounts unless the fraud is committed by an LCC employee or is deemed to have occurred due to negligence on the part of the cardholder.

Question: What are MCC Codes?

Answer: Merchant Category Codes are hard coded into the LCC account set up to block card usage at specific types of suppliers. We currently block all airlines, vehicle rental companies, financial institutions and cash advances on all accounts. Departments can request additional blocks for individual accounts as needed.

Question: What about After the Fact Purchase Orders?

Answer: Purchasing is the only one to obligate to College. Make sure Credit Card is accepted when ordering with Credit Card.

Question: Does the Sole Source need to have a letter from the Dean sent with it?

Answer: It is okay to still use the Sole Source since the Dean has to sign the form.

Question: What if you spend more than \$5,000 over the course of the year with the same company?

Answer: Our goal is to help you receive the most value for the dollar. If you know purchases will be \$5,000 or greater in a year let's go out for bid and receive a volume discount.

Question: How would we handle purchases with MSU Stores?

Answer: MSU is exempt because of a Corporate Bid.

Question: Is there a range of money for No Bid Contracts?

Answer: No-bid contracts do not address a set dollar amount. A No-bid contract is when the purchase exceeds \$5,000 and "it is necessary to obtain supplies or services essential for the efficient operation of the college but which do not constitute an emergency under" the Emergency Purchases provision.

Question: What if there are people who come in after the 10 days to process their expense report?

Answer: All suspected violations will be reported to HR for investigation.

Question: What if you go to process your expense report and have been working on getting a receipt, but have not received it by that time.

Answer: You will need to just type up a letter stating that you are working on getting a receipt, include the company, dollar amount item and use that as your receipt. When you receive the receipt just keep that with your records in case there are questions and the expense report shows it has been paid. You do not need to resubmit with the Bar Code sheet.

Question: Is it possible to have home as a Primary Assignment?

Answer: No, your home cannot be your Primary Assignment only LCC Main Campus, West Campus, LCC East, Howell Center or Extension Center.

Question: What about faculty who come and check their mail boxes. How do you keep track?

Answer: Faculty who come to campus for a required meeting will be reimbursed for mileage.

Question: What if a person works 40 hours a week here and then teaches at Howell?

Answer: The main campus is the Primary Assignment and the Livingston Center is the Secondary Assignment.

Question: When does the Travel Policy go into effect?

Answer: It is effective Fall 2006.

Question: Now that the Mileage Reimbursement is official how can people get a copy of it?

Answer: The Mileage Reimbursement Policy is on the Business Office website.

Definition of Oracle terms:

- ♦ Rejected – the expense report has been rejected by the Supervisor and the employee will need to implement requested changes and re-submit.
- ♦ Pending your resolution – the expense report was probably submitted for approval, but the Supervisor hasn't approved it yet, and the employee will need to resend the expense report to the Supervisor.

Questions or comments concerning this document should be directed to:
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