



To: All Administrators and Supervisors
From: Gina Bailey – Interim Director of Purchasing Services
Date: February 8, 2017

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Updated Guidelines for Purchase Requisitions

The Purchasing Services Dept. has updated its year-end procedures *so please read this memo and share the information with all staff members who are responsible for entering purchase requisitions into Banner.*

It is the department’s responsibility to ensure that funds are encumbered in the correct fiscal year. We have highlighted some key points to assist you getting your purchase requisitions (PRs) processed on time and in the correct fiscal year.

FY 2016/17 Purchase Requisitions - *It is strongly recommended that PRs for FY 16/17 be completed and approved immediately but no later than by mid-May 2017 to ensure processing this fiscal year.* Although there are no longer Purchasing Services imposed deadlines please remember we must receive completed and approved PRs and associated back-up materials before a Purchase Order (PO) can be issued.

I. General PRs (all funds including categorical/grant/etc.)

General PRs are for the following types of purchases for all FOAPs no matter the funding source:

- (a) Supplies, materials, equipment, or services with a total estimated cost that **is less than \$88,300 in the aggregate**, including sales tax and freight.
- (b) Increase open order encumbrance balances for FY 16/17 to facilitate payment in the correct fiscal year.
- (c) Construction related services such as agreements for architects, engineers, inspection services, etc. including change orders.
- (d) Public project work, repairs and maintenance, if the total cost is less than \$45,000(UPCCAA negotiated contract).

II. BIDs/RFPs (purchases that require a formal bid or request for proposal (RFP))

The (a) and (b) purchases described below involve a lengthy formal bidding process (average up to 3 -4 months) that requires a variable amount of preparation time wherein Purchasing Services and the requester work together to create a finalized bid document, including technical specifications, that is ultimately awarded by the District’s Board of Trustees. Please contact the Purchasing Services Department immediately if you have concerns regarding formal bids or RFPs.

- (a) Materials, supplies, equipment, or services when the total estimated cost including sales tax and freight exceeds **\$88,300 in the aggregate** or when the estimated cost is less than this amount but the purchase will be funded by a grant that requires formal advertised bidding.
- (b) Uniform Public Construction Cost Accounting Act (UPCCAA) public project work, repairs and maintenance of \$45,000 or more that are subject to the bidding requirements.

FY 2017/18 Purchase Requisitions - Although there are no longer any imposed deadlines, it is encouraged that departments enter FY 17/18 PRs as soon as possible so that Purchasing Services can obtain quotations and create regular and open purchase orders for activity commencing July 1, 2017.

I. Open POs that commence July 1, 2017

The FY 17/18 fiscal year is open in Banner and you can enter FY 17/18 PRs now. PRs for open purchase orders must accurately specify the projected expenditures for FY 17/18 so that the encumbrance amount will be sufficient to pay all anticipated invoices through June 30, 2018.

Please contact Purchasing Services at (650) 949-6193 if you have questions on these guidelines. Thank you!

Your Departmental Responsibilities And Helpful Hints

TRANSACTION DATES: On PRs for FY 16/17 it is always the *current date*. For FY 17/18 PRs, the transaction date must indicate *July 1, 2017 or later*.

COMPLETION AND APPROVALS: (1) *requestors* complete PRs as early as possible and monitor the approval queue status and (2) *approvers* regularly review and approve PRs in Banner. Completed and approved PRs are assigned, placed in a buyers queue, and processed in the order received.

TIMELINES: Purchasing Services staff will make every effort to ensure that Purchase Orders are encumbered in the appropriate fiscal year. FY 16/17 PRs received in late May or June may be subject to Purchase Order encumbrance in FY 17/18 due to the high volume of incoming PRs and increased workload of other Business Services activities related to year-end closure. FY 17/18 PRs that are entered with incorrect transaction dates may be subject to delay in processing until mid-July due to year-end financial close activities.

ORDER OF PROCESSING: Completed and approved PRs that are received in the Purchasing Services department will be processed in a timely manner and *generally on a first in, first out basis*. The order of priority for processing PRs received by June 30, 2017 will be:

- a. PRs that involve funds that will be returned if not encumbered/spent before 6/30/17 (Check with your campus budget administrator/manger for details specific to grants or categorical funding);
- b. PRs for materials, equipment, supplies using FY 16/17 funds;
- c. Change Order requests to increase Purchase Order encumbrances to facilitate FY 16/17 payments;
- d. PRs for services that begin in FY 17/18, starting immediately as of 7/1/17.

IMPORTANT THINGS TO REMEMBER:

- ✓ Prepare FY 16/17 PRs now:
 - monitor the approval queue to ensure that your purchase requisition is approved in a timely manner;
 - include a clear, non-technical, description of what is requested;
 - attach appropriate backup (quotes, contracts, W-9 for new vendors, etc.);
 - for categorical or grant funded *items that must be delivered prior to July 1, 2017*, enter a PR as early as possible, particularly if the requested products typically have long lead times. (“Lead time” is the amount of time a vendor needs to manufacture and/or deliver the item. The *average* delivery time for goods and supplies is 2 ½ weeks after vendor receives PO.

EXAMPLE 1: After a PR for a district standard computer is completed and approved it is assigned to a buyer. Once assigned, it typically takes up to 2 weeks to complete the purchasing process. The vendor processing time & delivery is approximately another 2 ½ weeks. The product is received in the Shipping & Receiving Dept. and sent to ETS for inventory and deployment.

EXAMPLE 2: After a PR for a smaller item/s is completed and approved it is assigned to a buyer. Once assigned, it typically takes up to 2 weeks to complete the purchasing process. The vendor processing time & delivery is approximately 1 ½ weeks (if the product is in stock). The product is then received in Shipping & Receiving and delivered to the requesting department.

- ✓ On FY 17/18 open PRs that will continue the existing rental or lease of copiers, mail machines or other equipment; include the previous years’ purchase order number, as well as the valid contract numbers, serial numbers, and model numbers in the “document text print” field.

- ✓ Depending on complexity of the purchase request, it can take two to six weeks for Purchasing Services to obtain competitive quotations and create a Purchase Order *after* the requisition is completed and approved in Banner.
- ✓ Follow the procedures for entering a purchase requisition that have been established by your campus administrators. If you are unclear about the procedures, contact your campus Furniture, Equipment, Technology (FET) Coordinator or Furniture, Fixtures, and Equipment (FF&E) Coordinator for further instruction.
- ✓ PRs for purchases of non-standard computer hardware and software, including peripherals, servers, printers, scanners, and multimedia equipment *are subject to review and approval by ETS* prior to being processed by Purchasing Services.
- ✓ PRs for public project work, repairs and maintenance of *any* value must follow the procedures of the Uniform Public Construction Cost Accounting Act (UPCCAA). Contact the persons responsible for facilities maintenance at your campus if you are unclear whether the proposed scope of work is/may be subject to UPCCAA and for further information and guidance regarding these procedures and requirements.
- ✓ To prevent payment delays, if you have established an Independent Contractor Agreement (ICA) or Agreement for Services and will need a PO to pay for the related invoices (ALL services \$1,000 or more), submit a PR in a timely manner along with the completed signed ICA/Agreement to Purchasing Services *before the contractor begins work*. [See Board Administrative Procedure 3140](#).
- ✓ Purchasing Services staff *are not responsible* for monitoring which FOAPs have spending requirements including PRs for categorical and grant-funded purchases as well as student instructional materials fee funded purchases. If the funds must be spent and encumbered by a specific date, then it is the department's responsibility to submit a timely requisition and relay that information in the text of the requisition (document text print). Contact the Grants Monitors at pingalisirisha@fhda.edu or mcdanielscottie@fhda.edu if you do not know the grant requirements. Contact your campus budget administrator if you have questions regarding student instructional materials fee fund requirements and/or balances.