
Introduction to Procurement





Vice President for Finance

Audience

- New employees who makes procurement decisions
- New employees who create requisitions and/or verify credit card transactions
- Experienced employees looking for a review of the Procurement function at MIT

Procurement Office - Mission Statement

"Assist the MIT community in the procurement of goods and services--providing advice, counsel, and other service activities which ensure favorable prices, protective terms and conditions, compliance with MIT policies and procedures and federal contract and grant regulations, and continuation of the institute's government-approved procurement system."



What the Procurement Office Can Do for You?

- Assist in training and sourcing of products and services
- Assist in development of Request For Proposals (RFPs)
- Assist with vendor problems/disputes
- Assist in review and writing of contracts
- Assist in any purchasing other related areas



Why is it very important to use a procurement tool for buying goods and services?


- Protects MIT and your department in the case of a problem with a vendor
- Helps make sure vendor has proper insurance coverage.
- Assures that purchase has been properly approved by your department
- Assures that the purchase complies with MIT's internal policies as well as federal regulations
- Assures that the vendor gets paid promptly

MIT's Procurement Process

3 components:

 Identify a need

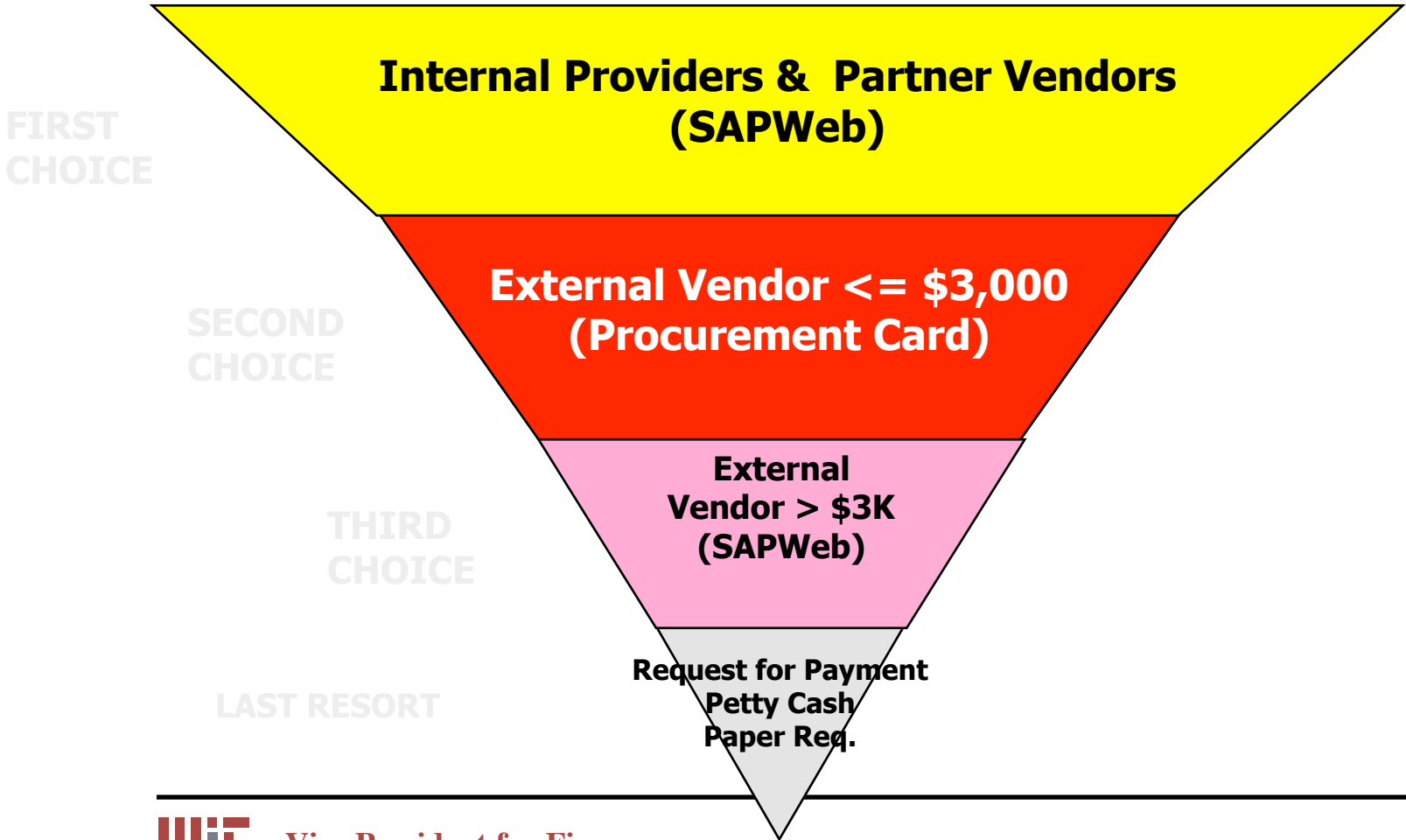
 Select a source

 Complete a Transaction

- SAPWeb requisition
- Procurement card
- Other



MIT's Procurement Strategy



Internal Providers & Partner Vendors



Internal Providers

- Audio/Visual Services
- Campus Activities Complex
- MIT Catering
- MIT Central Machine Shop
- Copy Center Buildings 11 & E52
- Endicott House
- Department of Facilities (Physical Plant Services)
- MIT Faculty Club
- Information Systems (multiple divisions)
- Mail Services
- MIT Press Bookstore



Partner Vendors

- Computer systems & supplies
 - Dell Marketing
 - GovConnection
 - Apple
- Gases
 - AirGas
- Office Supplies
 - Office Depot
- Scientific Supplies & Equipment
 - VWR International
- Maintenance, repairs and operating supplies
 - W.W. Grainger
- Stationery and Business Cards
 - Ambit Press
- Express Shipping
 - DHL
- Cell Phones
 - Verizon Wireless
 - Sprint/Nextel
- Bottled Water
 - Poland Springs



Partner Vendors Cont'd

- Copiers
 - Ikon Office Solutions
 - Conway Office Systems
- Temporary Clerical Services
 - Hollister Associates
 - Professional Staffing Group
- Furniture
 - Office Environments (Steelcase)
 - Creative Office Pavillion (Herman Miller)
- Hotel:
 - Le Meridian (formerly Hotel@MIT)

<http://web.mit.edu/controller/procurement/partner/vendors.html>



Partner Benefits

- If you choose a partner vendor then justification is not required regardless of \$ amount
- For eCAT³ partner vendors submitting the order completes the procurement process because invoicing is electronic
- Competitive prices
- Desktop delivery
- Dedicated customer service contacts (some located on campus)
- On campus stockroom for basic lab supplies
- Free or highly discounted freight charges

eCAT³ e-Commerce

- Web-based ordering from desktop
- Requisition uses Roles Database authorizations
- Electronic ordering + billing = less paper!
- MIT contracted pricing
- Real time availability of products



- eCAT³ is an e-procurement catalog portal that allows MIT requisitioners' access to products from a variety of suppliers. Requisitioners can search across suppliers' hosted catalogs or "punch out" to suppliers' own web catalogs and add items to a shopping cart. Only one supplier per shopping cart is allowed.
- <https://web.mit.edu/ecat/ecat3/>
- For questions or a demonstration of this catalog, please send an e-mail to: ecat3@mit.edu

Procurement Card



Vice President for Finance

Procurement Card: Controls

- Maximum DLC-set Purchasing Limits:
 - \$3,000 for single transaction
 - \$15,000 per month
- Each Cardholder requires a Verifier who will post charges to the appropriate cost object and GL account (Separation of duties)
- Merchant Category Blocking restricts purchase of cash, hotels, flowers, liquor and travel



Procurement Card: Controls Cont'd

- Food purchases are recognized and automatically parked to a discretionary cost object and unrecoverable g/l account
- User can enter an explanation for the purchase in the Explanation field
- Several audit controls, MIT Internal Audit, MIT Procurement Card Office and the Bank
- No Equipment \$500 or greater



Procurement Card: Getting Started

- Follow 4 easy steps:
 - 📁 Submit a credit card application approved by your department to the MIT Procurement Card Administrator
 - 📄 MIT Procurement Card Administrator will contact you and invite you to a *mandatory* one-hour training session.
Note: please be on time!!
 - 📄 Sign the *Cardholder Agreement* promising to use the card appropriately at the end of the training session
 - 📄 MIT Procurement Card Administrator distributes cards at the end of the training session



Procurement Card: Using the card

- The paper work required is the receipt from the vendor and other departmental paper work. It is crucial that it is forwarded to the verifier as soon as possible, so all charges can be verified within 21 days
- Other details are explained in the credit card training session

SAPWeb Requisition



SAPweb: Purchasing - Windows Internet Explorer

http://web.mit.edu/sapweb/PS1/procurement_home.shtml

File Edit View Favorites Tools Help

mywebsearch Search Google Zwinky Smiley Central Fun Cards Screensavers Cursor Mania

Viewpoint web.mit.edu/sapweb Web Search Amazon Search Results Bookmarks Pop-ups My Fotomat

SAPweb: Purchasing

Inboxes Purchasing Accounting Employees Building Repair EHS Reporting Support

Partner Requisitions (ECAT)

Airgas	GovConnection
Ambit Press/Minuteman Press	Grainger
Apple Computer	Office Depot
Dell Computer	ECAT³ (SciQuest)
DHL	VWR International

Non-partner Requisitions

External Vendor
 Internal Provider
 Check here if you are a Facilities employee

[Generate Req Form](#)

Look-ups

[Display Requisitions](#)
[Display Purchase Orders](#)

What can I do on the Purchasing tab?

Create all requisitions, find and display requisitions, and display purchase orders. Go to the **Inboxes** tab if you are a requisition approver, or want to find your own rejected requisitions.

ECAT Vendors:

- Airgas: *lab gases*
- Ambit Press/Minuteman Press: *MIT stationery and business cards*
- Apple Computer: *computers and accessories from Apple*
- Dell Computer: *computers and accessories from Dell*
- GovConnection: *computer supplies*
- Grainger: *maintenance, repair, and operating (MRO) products*
- Office Depot: *moving to ECAT³ November 5, 2007*
- ECAT³ (SciQuest): *e-commerce portal containing various vendors*
- VWR International: *lab/chemical supplies*

Note: You will need web certificates and the appropriate authorizations before you can use these functions. SAPweb transactions terminate connection with the SAP system after 20 minutes of inactivity. Please do not leave a transaction idle for more than 20 minutes or its connection with the SAP system will be lost.

Resources:

[Special Requisitions Entry Field Instructions](#)
[MIT Procurement Department](#)
[Procurement Policies & Procedures](#)
[ECAT](#)
[MIT Travel](#)

javascript:pointTo('off'); Internet 100%

External Vendor - SAPWeb Requisition: Why?

- No Internal Provider or Partner Vendor offers the goods or services
- The \$ amount is too large for the Procurement Card
- Equipment over \$500
- Purchase of sensitive items



SAPWeb Requisition

- User-friendly web-based front end to SAP
- Create, lookup & display Requisitions
- Display Purchase Order & Invoice information
- Works with Safari, Firefox or Internet Explorer
- You can see who has the Requisition at any time



SAPWeb Requisition: Requirements

- Requires further approvals
 - DLC Approver
 - Procurement Office, e.g., sensitive items
 - OSP for sponsored cost objects (usually for equipment)
 - IS&T approval for hardware, software and services over \$100K
 - Terms and conditions being reviewed and/or negotiated.
- Change Order request to add lump sum to multi-line requisition
 - Additional sums must be added to specific line items
- Selection of Source/Price Reasonableness documentation required if > \$5,000
- Selection of Source/Price Reasonableness documentation and two or more written quotes/bids required if > \$10,000
- Independent Contractor Information required



SAPWeb Requisition: Sensitive Items

- Alcohol
- Animals
- Bio-toxins
- Construction work
- Fire extinguishers
- Firearms
- Flowers
- Holiday parties
- Human subjects
- Hypodermic needles
- Life Events
- Memorabilia
- Promotional material
- Needles and syringes
- Poison
- Radioactive materials
- Travel



Assignment of Equipment Related General Ledger Accounts

- MIT is required to maintain a property control system for both sponsor funded and MIT funded equipment
- As part of that control system, it is important that purchase requisitions carry the correct G/L Account assignment
- Equipment is defined as: An item that will last more than a year, is operationally complete and can be identified as stand-alone
- Purchases from the following product categories are normally considered equipment: furniture, information technology, scientific and test equipment, office or service area equipment



General Ledger Accounts

Please use the following guide when determining the G/L assignment for equipment or equipment systems:

<u>Cost</u>	<u>Type</u>	<u>G/LAccount</u>
Cost \$3000.00 or greater	Capital Equipment	421818
Cost \$500.00 - \$2999.00	Minor Equipment	421827

- The full procedure containing more information is available at:

<http://web.mit.edu/property/www/codeequip.htm>

- Questions regarding General Ledger Account Assignment should be addressed to: Jo-Anne Chute ext 8-8448 or e-mail jchute@mit.edu



Publishing Services Bureau

- PSB is **not** an internal provider
- PSB does not charge a fee for its services
 - Contact PSB broker for guidance
 - Bldg E28-100, 8-9380
- For more information, please email: psb@mit.edu



Contracts



Contracts - Procurement Process

- Identify a Requirement
- Prepare a requisition and appropriate backup
- Procurement will create and issue a purchase order
- Work is done by the contractor
- Invoice is submitted by the contractor
- Contractor is paid



Contracts - Request for Proposals

- Sample RPF – available on procurement website
 - Specifications/Statement of Work
 - Terms & Conditions (MIT)
- Technical evaluation criteria
- Award process (after negotiating the contract)

Contracts - Requisitions

- Back up (electronic if possible)
 - Statement of Work
 - Vendor proposal(s) or quote(s)
 - Look for hidden Ts&Cs
 - RFP
 - Selection of Source/Justification of Price
 - Period of Performance
 - 100k approval – IT projects by IS&T Vice President



Contracts – Requisitions Cont'd

- Independent Contractors
 - Approval process
 - Recertification (every two years)
 - Alternatives (MITemps)
- Software License (if applicable)

Contracts - Negotiating the Contract

- Terms and Conditions
 - MIT Ts & Cs are the negotiating tool of choice
 - Vendor Ts & Cs
 - Existing Agreements may have to be renegotiated



Contracts - Terms & Conditions Pitfalls

- Limitation of Liability (Indemnification and Hold Harmless)
- Contractor Warranty on Service & Equipment
- Rights in Deliverables (intellectual property rights in general)
- Insurance Requirements (Insurance Certificate)
- Governing Law
- Payment Terms
 - MIT standard is Net 30 after receipt of invoice
 - Final payment after acceptance of goods (installation/testing) or services



Contracts - Terms & Conditions Pitfalls

- FERPA / Confidentiality
- Software Licenses
- Government Terms
- Auto Renewal (Evergreen)



Web Site

<http://controllers.mit.edu/site/procurement/forms>

- Quick Reference Checklist
- RFP template
- SOW template – 2 versions
- Consulting Service Agreement template
 - 2 versions

- Selection of Source and Justification of Purchase
- Independent Contractor Form 4.15A
- Independent Contractor Form Instructions



Help

- Cash Vouchers
 - Cashier's Office, NE49-3077
- Accounts Payable – General Questions
 - 3-2750, accounts-payable@mit.edu
 - Jim Hanlon, 2-2382, accounting-issues@mit.edu
- Close Purchase Order
 - pocloseout@mit.edu
- Credit Card Inquiries
 - procard@mit.edu
- Request for Payment
 - Catherine Cherico, 3-2768, NE49 – 4064, Wayne Dwyer, 8-8485, NE49-4064



Help

- SAPWeb - <http://web.mit.edu/sapweb/PS1/index.shtml>
 - Training
 - <http://web.mit.edu/training/index.html>
 - Forms
 - <http://web.mit.edu/cao/www/caoforms.htm>
 - <http://web.mit.edu/purchasing/forms.htm>
 - Petty Cash Vouchers
 - 3-2764, NE49-4077
 - Procurement
 - Mike McNamara, 3-7247, NE49-4122, mcnamara@mit.edu
 - Mary Bacci, 3-5499, NE49-4122 mbacci@mit.edu
 - Anthony Flaherty, 3-8268, NE49-41222, aflahert@mit.edu
- General Information: <http://controllers.mit.edu/procurement/>
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