METHODS OF PURCHASE

Purchasing Office
Business & Financial Services
Finance & Administrative Affairs
Unit Business & Personnel Representatives Meeting
March 5, 2015
Overview

• Methods of purchase are determined by:
  - Size of transaction
  - Characteristics of vendor
  - Purpose of purchase
  - Method available to requester
Methods of Purchase

• Involving Purchasing
  ➢ Requisition to Request a Purchase Order
  ➢ Requisition to request Blanket Contract Order/Non-Contract Blanket order

• Outside of Purchasing
  ➢ Purchases from UWM Departments
  ➢ Inter-Institutional Agreement
  ➢ Payment to Individual Report
  ➢ Academic Support Services Agreement
  ➢ Shop@UW E-Procurement Portal
  ➢ Purchasing Card
Methods of Purchase continued

• Outside of Purchasing
  - Requisition-Low Dollar Order
  - Direct Payment Request
  - Travel Expense Report
Method of Purchase: Requisition-Request a Purchase

- The Requisition is used to request a purchase for any amount but is required for those purchases in excess of $5,000 and others requiring additional approvals.
- Purchasing issues a purchase order after accounting approvals and vendor sourcing is completed.
- Procedure 3.2.1: Requisition Preparation contains the instructions and links to the form and related procedures.
Method of Purchase: Blanket Order

• The Blanket Order is a purchase order used for repetitive purchases from the same vendor for up to a year. There are two types:

  ➢ The Contract Blanket Order (Procedure 3.2.7) is a means of placing repetitive purchases with the same vendor with limited restrictions; issued by Purchasing after a competitive sourcing process.

  ➢ A Non-Contract Blanket Order (Procedure 3.2.8) is a means of placing repetitive purchases with the same vendor in accordance with low dollar order limits.
Method of Purchase:

Purchases from UWM Departments

• Three distinct procedures and forms for different groups of UWM departments:

  ➢ Procedure 2.2.15: Purchases from Union/Dining Services
  ➢ Procedure 2.2.18: Purchase of Internal Goods and Services Provided by UWM Departments
  ➢ Procedure 2.2.5: Intra-Institutional Agreements
Method of Purchase: Inter-Institutional Agreement

- Inter-Institutional Agreements are restricted to situations in which an “unclassified employee of one institution performs services for another institution as part of a load.”
- Situations not fitting the above are payroll transactions.
- Procedure 2.2.4: Inter-institutional Financial Transactions contains the instructions and form.
Method of Purchase: Inter-Institutional Purchases-Other

- Payments between UW campuses are consummated with an Inter-Unit Journal (IUJ), with exception of Grant Subcontracts or transactions with UW-Extension/Colleges.
- No current standard format exists for making a purchase between UW campuses for goods or services. Could be as simple as an e-mail, telephone call or memorandum.
Method of Purchase: Payment to Individual

- Process is restricted to a total payment of $5,000 or less for purchase of services which should not be payrolled.
- No current standard format exists for making a purchase for a Payment to Individual Report unless a separate agreement is prepared or an Academic Support Services Agreement is used.
- Procedure 2.4.5: Payment to Individual Report contains the instructions and link to the form.
Method of Purchase: Academic Support Services Agreement

• This agreement is used to purchase unique, noncompetitive services that are specifically related to the University’s mission of education, research or public service (Programs 2, 4, 5), and for which an employer-employee relationship does not exist.

• Procedure 5.4.2: Academic Support Services Agreements contains the instructions and links to the agreement form and required checklist.
Method of Purchase:
Shop@UW E-Procurement Portal

• Shop@UW is an e-commerce marketplace operated by UW Madison Purchasing Services, that allows for online product sourcing and purchase from over twenty laboratory, office and maintenance, repair and operating supply vendors. Links are also provided on the site to other online ordering sources.

• An account must be set up to order. No encumbrance is set up. Payment is made by the means of Inter-Unit Journal.

• Policies and Procedures can be found at Shop@UW.
Method of Purchase: Purchasing Card

• The purchasing card is a university-liability credit card that is issued to an individual to make individual campus-related business purchases up to $5,000; contingent on purchase limit set by the approving School, College or Division; and subject to other institutional restrictions.

• Procedure 5.4.3: VISA Purchasing Card contains the instructions, and links to forms, related procedures and necessary documentation.
Method of Purchase: Requisition-Low Dollar Order

- The Low Dollar Order (LDO) form is a Requisition form used as a purchase order for purchases up to $5,000; contingent on purchase limit set by the approving School, College or Division; and subject to other institutional restrictions.
- Procedure 3.2.11 contains the instructions and links to the LDO form and other related procedures.
Method of Purchase:
Direct Payment Request

• The Direct Payment Request is used to request payment of up to $5,000, for which an invoice or some other price source is attached.

• No current standard format exists for making a purchase that results in a request for a direct payment.

• Procedure 2.2.21: Direct Payments contains the instructions and links to the form and other related procedures.
Method of Purchase: Travel Expense Report

• The Travel Expense Report may be used to request reimbursement of small purchases of up to a total of $5,000, for which purchase receipts are attached.

• No current standard format exists for making a purchase that results in a request for a travel expense report.

• Procedure 5.2.3: Travel Expense Report Instructions contains the instructions and links to forms. Low dollar order restrictions apply.
Summary and Observations

• There are numerous methods of purchase, but vary based on factors such as purpose, size, vendor characteristics and method available to the requester.

• Some of the methods of purchase are very restrictive and limited to a very specific purpose and situation, such as the Inter-Institutional Agreement.

• Some of the methods overlap in purpose, such as the Direct Payment, Purchasing Card, Requisition-Low Dollar Order and Travel Expense Report.
Questions?

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http://www.uwm.edu/business-financial-services/purchasing/