



Procurement Guidebook



University Procurement and Logistics
MICHIGAN STATE UNIVERSITY

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Getting Started

Introduction

Procurement at Michigan State University (MSU) is the acquisition of goods and services with university funds in furtherance of the MSU mission. MSU is required to maintain a well-managed procurement program and to follow the policy outlined in the [Manual of Business Procedures \(MBP\) Section 270](#).

Authority to commit MSU institutional funds for procurements is delegated from the MSU president in order to deliver the MSU mission. Successful procurements require a collaboration between MSU Procurement, requestors, and central approvers who support the MSU mission.

This guidebook was written to assist the university community in understanding the procurement process and the responsibilities associated with different roles. Procurement is committed to efficiency, transparency, good customer experiences, and incorporating feedback through iterative improvements.

Use this guidebook to:

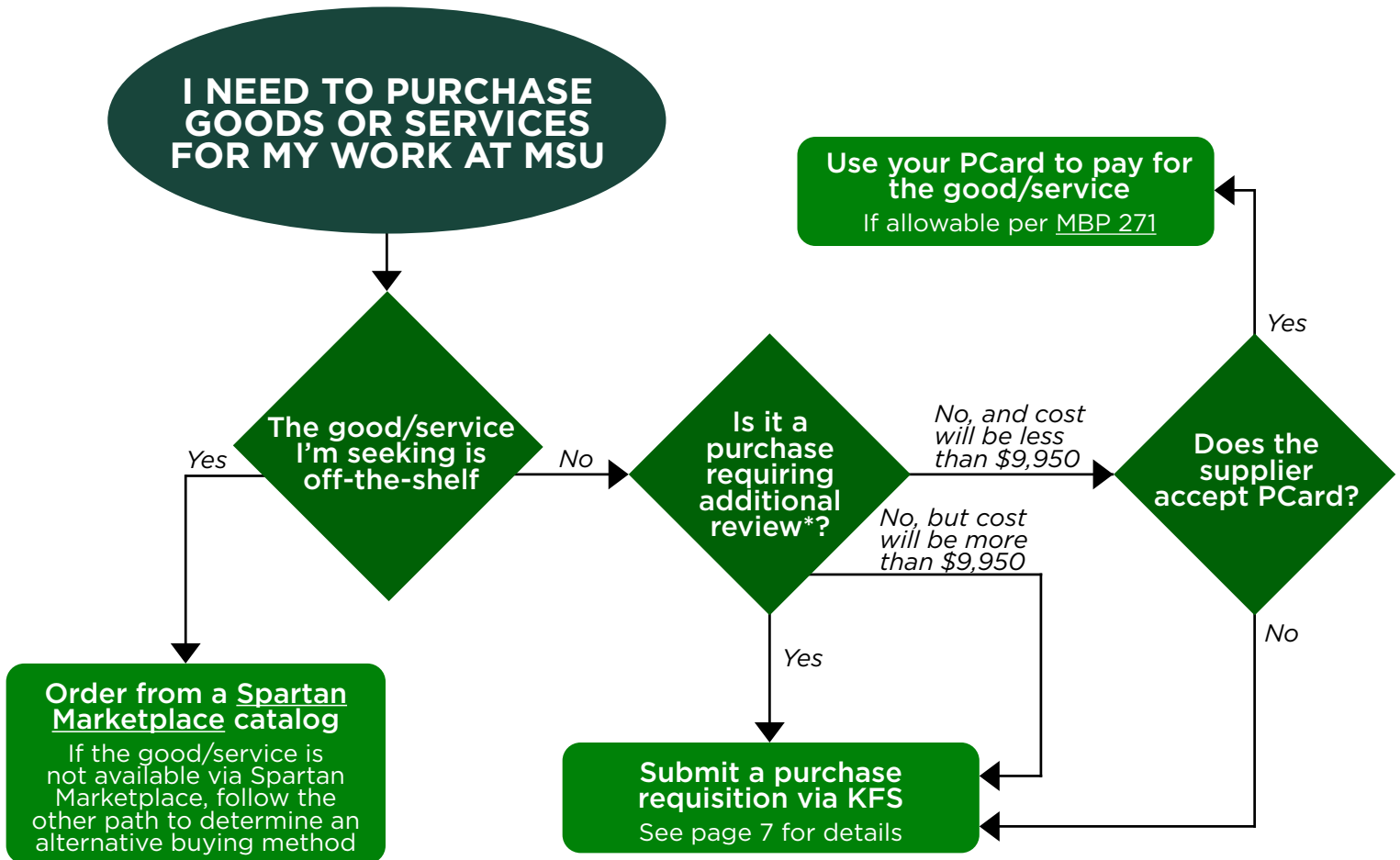
- Determine the right buying method
- Identify the three purchase thresholds and the applicable uses
 - Micro-purchases: Generally low-risk and eligible for convenient and easy ordering methods, such as Spartan Marketplace or PCard
 - Small purchases: Acquire goods and services through a purchase requisition with Procurement's assistance
 - Large purchases: Procurement will help you navigate the complex requirements and regulations that may apply
- Learn which goods and services require additional review by MSU central approvers to assure compliance with regulatory requirements
- Understand the process flow of a purchase requisition
- Plan your purchase, based on timeframe



Getting Started

Determine the right buying method

Purchases under \$25,000 which do not require additional review can be made in Spartan Marketplace or using a PCard. Review the decision tree below to identify the correct buying method.



*Learn more about purchases requiring additional review starting on page 18



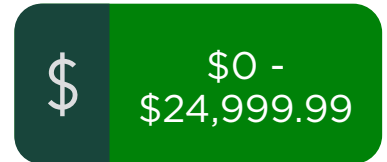
Getting Started

Purchase thresholds

There are three [purchase thresholds](#) at the university, which influence how a purchase requisition is handled by Procurement.

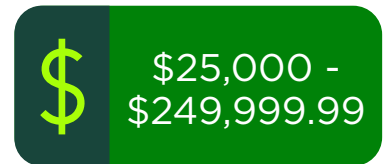
Micro-purchase Threshold

Micro-purchases may be awarded without a [formal RFX event](#) if the price is considered reasonable by the Procurement buyer based on research, experience, purchase history, or other information and documents.



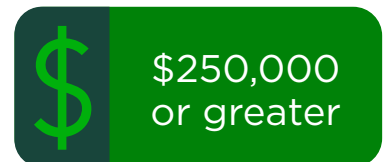
Small Purchase Threshold

Small purchases require formal, documented price or cost analysis in order to determine that the price is fair and reasonable. At Procurement's and the Office of General Counsel's (OGC) discretion, this may include a [formal RFX event](#) based on purchase complexity.



Simplified Acquisition Threshold

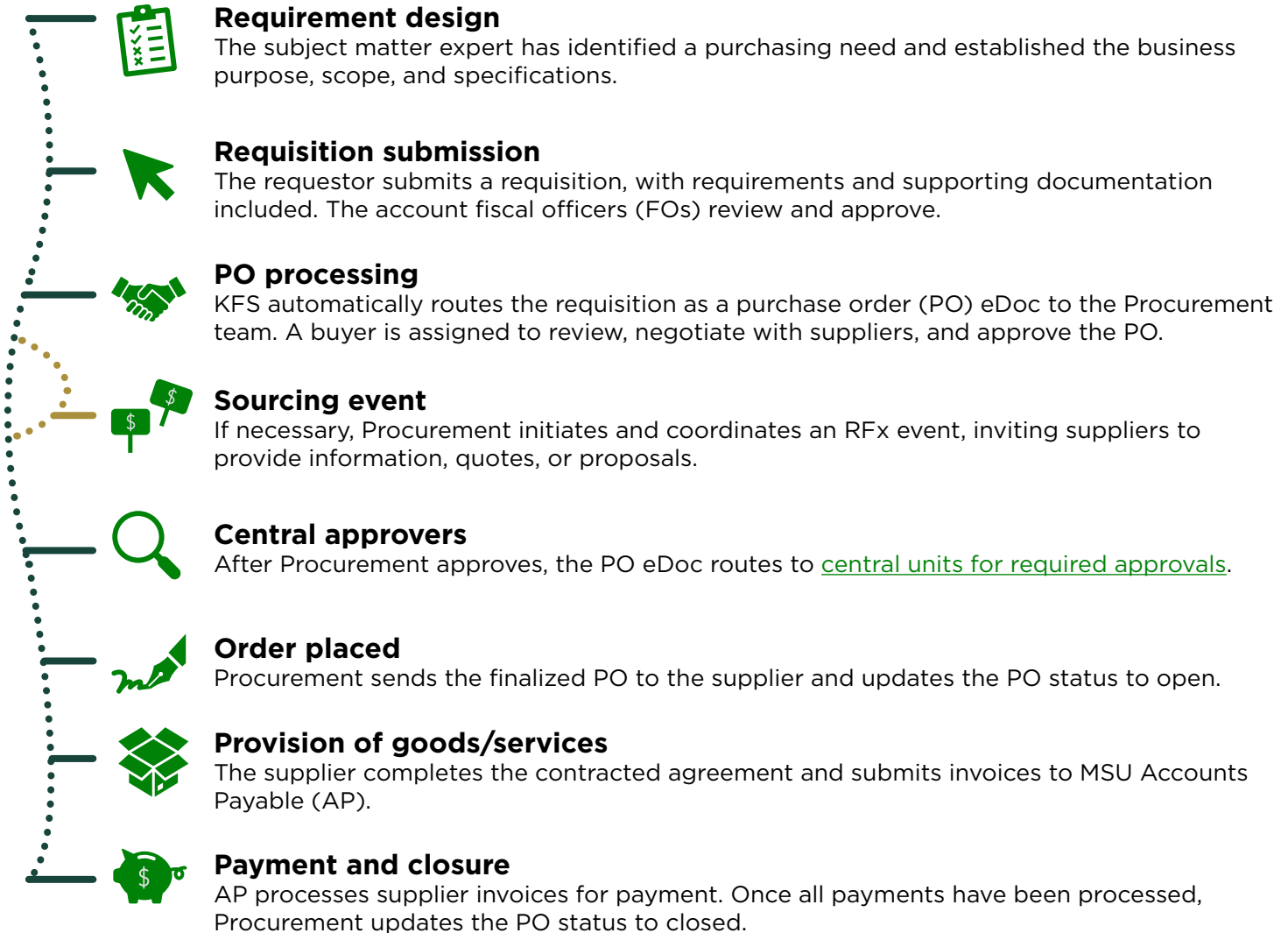
A [formal RFX event](#) is required for large purchases that exceed the Simplified Acquisition Threshold. RFX events must be publicly posted on UPL's website unless an exception applies.



Acquiring Goods + Services

KFS purchase order process

Before a supplier can provide a product or service, a purchase order (PO) must be created in KFS. The process is as follows:



Track your KFS eDoc

The Procurement buyer regularly provides updates to the requestor via the Notes and Attachments section of the KFS eDoc or, as appropriate, via email. You can [review the KFS route log](#) or contact the assigned buyer—as identified by the “Contract Manager” field in the Document Overview tab—for status.



Acquiring Goods + Services

Requirement design

Project specifications or requirements must be clear, detailed, and written in a manner that encourages competition between suppliers. To ensure the best results for your unit, involve Procurement early in the process.

Suppliers cannot participate in the development of project specifications; otherwise, they will be disqualified from related [competitive solicitation opportunities, including RfX events](#).

Purchase requisition

The purchase requisition—which specifies what is to be purchased and the appropriate account number(s) to be charged—kicks off the purchase order (PO) process and authorizes Procurement to issue a PO to a supplier. Supporting documentation must be attached to the requisition at the time of submission. Follow our tutorial on submitting a purchase requisition.

WHAT TO INCLUDE IN YOUR REQUISITION



Clear requirements



Required forms



Funding source



Vendor suggestions



Selection committee

Your requisition automatically routes for approval to the account fiscal officer (FO) before the PO eDoc is created.

DID YOU KNOW...?

While a requisition is not typically required to obtain goods and services via PCard, there are some cases (e.g., software purchases where the supplier requires payment by credit card) where a requisition is needed.



Acquiring Goods + Services

Purchase order

A purchase order (PO) is the document issued to a specific supplier committing university funds for the procurement of goods and services. A PO authorizes a supplier to deliver and bill the university for equipment, materials, supplies, and/or services.

Procurement—and often the Office of General Counsel—reviews the contracts and agreements associated with the PO, before routing the eDoc to other [central approvers](#). The timing of these additional reviews are not within the control of Procurement; however, [estimated processing timeframes](#) are available for employees.

Once all approvals have been received and an agreement has been finalized with the supplier, Procurement provides the authorized signature and sends the PO to the supplier. The cost of the PO is encumbered on the General Ledger for the named account numbers. The stakeholder unit, Accounts Payable (AP), and Procurement can view the PO eDoc in the financial system.

DID YOU KNOW...?

For phase-funded contracts, often the best mechanism is length of the current phase plus optional years for future phases. This abides by GASB advice in that all committed years are fully encumbered; however, the contract provides optional extension if future phases are funded.

Amend an order

In some cases, the PO may need to be updated after it has been sent to the supplier, but before any additional goods or services are received beyond the current PO scope. This is known as a purchase order amendment (POA). Common reasons for POAs are a change to the scope of work, item quantity, or project service dates.

POAs are initiated via an explanation of requested changes in the Notes and Attachments tab of the PO eDoc. The buyer assigned to the PO will review the request and amend the PO.

Please note that approvals outside of Procurement may be necessary. For example, all POAs that affect the Items tab route to the FO for approval.



Acquiring Goods + Services

Purchase requisition processing timeframes

Below is a timeline of estimated processing time expectations for purchase requisitions. General guidance is to account for UPL processes (2-3 business days), central approvals (varies), and supplier actions (varies). Please keep [fiscal year-end cutoff](#) dates in mind when procuring goods and services.



Simple procurement

Approximately 1 day

A purchase requisition where the cost of goods or services is below MSU's [Micro-purchase Threshold](#), no additional review is needed, and supplier forms are up-to-date.



Simple contract renewal

2-4 weeks

A contract renewal that does not require re-bidding from the original contract and uses university terms and conditions.



Complex procurement

4-8 weeks

A purchase requisition is considered complex if it is within the [Small Purchase Threshold](#).



Complex contract renewals

4-12 weeks

A contract renewal that either requires re-bidding or multiple rounds of negotiations, does not use university terms and conditions, or includes a single or sole source.



IT procurement

4-12 weeks

[Information technology \(IT\) purchases](#) take additional time to process due to potential security and accessibility reviews.



Major procurement

4-16 weeks

A purchase requisition is considered major if it exceeds the [Simplified Acquisition Threshold](#).



Acquiring Goods + Services

Complexity factors

Unsure whether your purchase is considered simple or complex? If any of these factors are present, the order will be considered complex, and may require additional processing time.

SUPPLIER FACTORS

Business concerns or high market cap from business credit report



Potential supplier has conflict of interest



Limited supply base

Single or sole source may apply



SPECIALIZED PURCHASES

Movable capital asset acquisition or fabrication



Purchases requiring additional reviews

Such as: grant-associated purchase (CGA), hazardous materials (Environmental Health and Safety), industrial machinery (IPF), munitions (Department of Police and Public Safety), vehicles (Transportation Services)



OTHER

High level of risk and impact to MSU



Contract where MSU terms and conditions aren't used

This is a rare occurrence



Multiple stakeholders involved



The Micro-purchase Threshold is exceeded

Purchase falls within the Small Purchase Threshold or exceeds the Simplified Acquisition Threshold



Acquiring Goods + Services

RFx process

Use this as a quick reference to understand what an RFx process is and what your responsibilities are.

WHERE WE ARE IN THE PROCUREMENT PROCESS



WHY IS AN RFx REQUIRED?



An RFx event is often required when a purchase exceeds the university's Micro-purchase Threshold, a single or sole source does not apply, or the market is unexplored by MSU.

Estimated timing
4-8 WEEKS

KEY ROLES

Subject matter expert
Informs requirements



Selection committee
Determines evaluation criteria



Procurement buyer
Liaises with suppliers



YOUR TEAM'S RESPONSIBILITIES



Establish evaluation criteria and weighting prior to bid receipt.



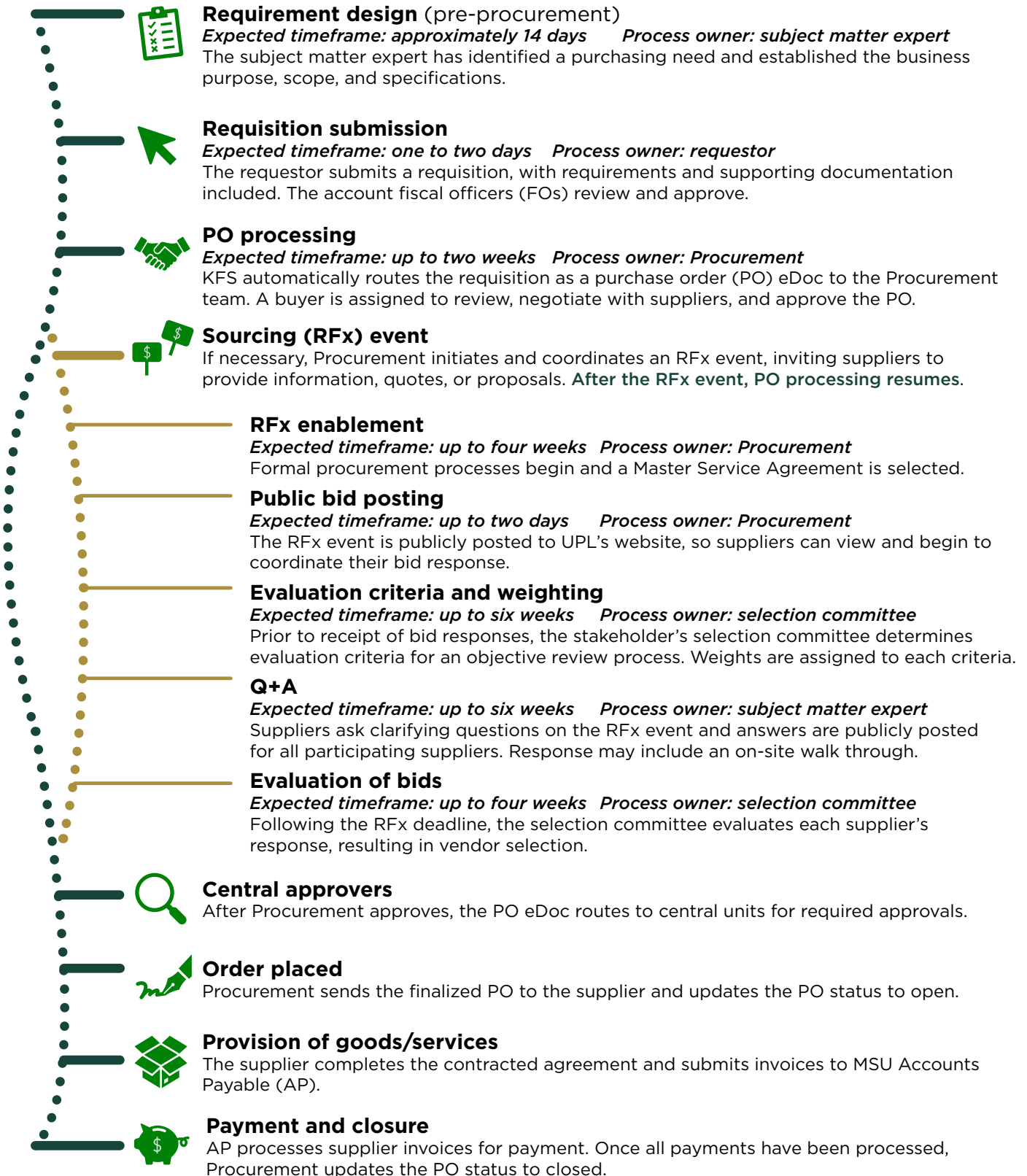
Don't communicate with any potential suppliers. Direct them to Procurement.



Ensure an objective review of received bids.

Acquiring Goods + Services

PO process norms



Acquiring Goods + Services

Purchasing authorities at the university

Signature authority

The permission to execute contracts and other legal documents on behalf of the Board of Trustees as delegated by the university president, is known as signature authority.

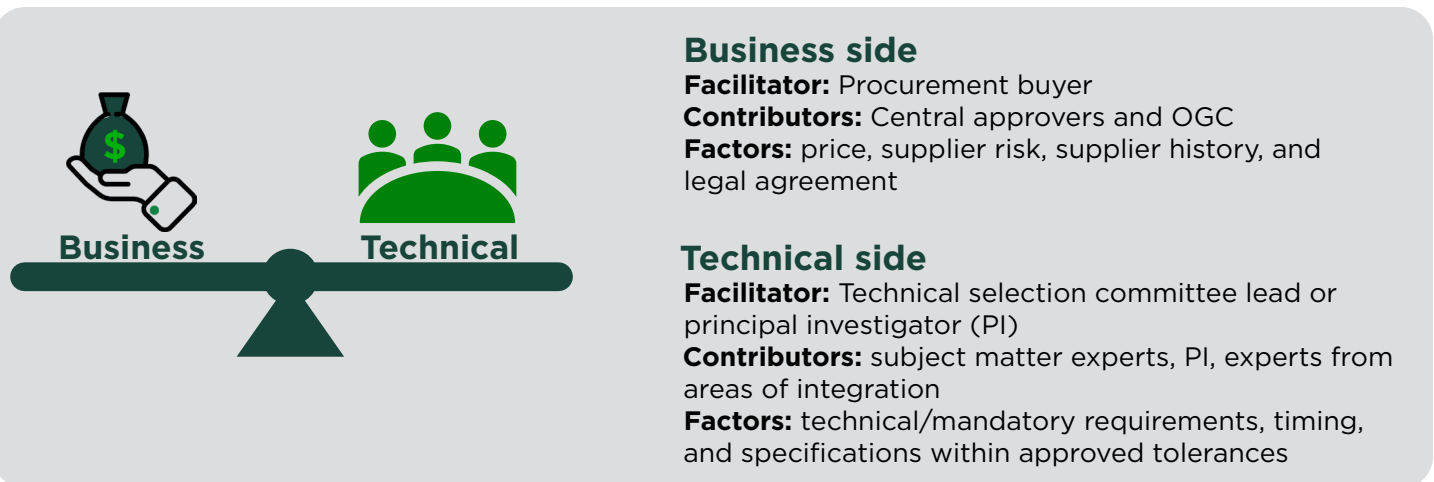
The president has delegated signature authority to Procurement for the purpose of committing university funds for purchases. Other units with [delegated \(or re-delegated\) purchasing-related signature authority](#) include:

- Infrastructure Planning and Facilities (IPF)
- Facility for Rare Isotope Beams (FRIB)
- MSU Libraries
- Food Stores

Contracts that are signed by employees without signature authority are not binding and may not be paid. [Learn more about unauthorized orders.](#)

Decision authority

The ability to determine what good or service should be purchased and from which supplier is known as decision authority. This is a joint and balanced responsibility between the business and technical sides.



Central approvals

There are additional units across the university that may be required to review and approve [procurements requiring additional review](#), though they may not have purchasing signature authority.



Acquiring Goods + Services

Unauthorized orders

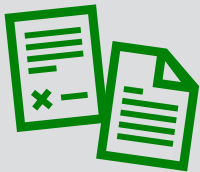
Unauthorized orders are agreements regarding procurement that do not follow an approved procurement process such as a purchase order, PCard purchase, or Spartan Marketplace purchase.

Employees that process unauthorized orders are at risk of being reported to the Office of Audit, Risk and Compliance. Additionally, unauthorized orders can impact the university's relationship with suppliers, as invoices for unauthorized orders may not be honored by the university.

Invoices

As the supplier completes the PO agreement, they submit invoices to AP. Before AP issues payment, the account fiscal officer (FO) must review and approve the invoice.

FISCAL OFFICER REVIEW OF INVOICES



Compare PO and invoice for accuracy



Ensure goods or services were received



Ensure cost is allowable on the funding account



Approve the invoice for payment



Supplier Engagement

Work with suppliers

Procurement manages supplier relationships on behalf of the university. Each buyer understands the regulations surrounding public procurement and the supplier landscape for commodities under their area of expertise. To ensure the university offers fair and competitive opportunities, employees:

- should involve Procurement early in the purchase process,
- cannot engage any supplier in requirement writing, and
- cannot engage in project trials or try-outs with one supplier without offering the same opportunity to other suppliers in a similar space.

Suppliers may contact employees as they are unfamiliar with the university's internal structure and processes. [Review our guide on directing suppliers to Procurement and other external relationship managers.](#)

RFX events

Procurement regularly posts [publicly available bid opportunities](#). There are three types of RFX events in which suppliers can engage: Requests for Information (RFI), Requests for Quotations (RFQ), and Requests for Proposals (RFP).



REQUEST FOR INFORMATION (RFI)

Market-based approach: identifies which suppliers, products, and services are available in the market



REQUEST FOR QUOTATION (RFQ)

Price-based approach: requirements are not up for interpretation; price is the only supplier differentiator



REQUEST FOR PROPOSAL (RFP)

Evaluation-based approach: suppliers are ranked by meeting requirements, features, pricing, and more



Supplier Engagement

Request for Information (RFI)

- **What it is:** An RFI assists the subject matter expert in determining which suppliers, products, or service offerings are available in the market to compare offerings without committing to any particular supplier.
- **Goal:** To gather adequate information to charter a more informed RFQ or RFP.
- **Procurement's role:** Procurement conducts the RFI process and makes it publicly available to gather market-based intelligence. The Procurement buyer books all product and service demonstrations on behalf of the stakeholder unit.

Request for Quotation (RFQ)

- **What it is:** An RFQ is a solicitation for goods or services where all requirements are mandatory and must be met to submit pricing.
- **Goal:** To have project requirements that are so well-defined that an evaluation matrix is unnecessary when reviewing supplier bids.
- **Procurement's role:** Procurement conducts the public RFQ process. The buyer coordinates the review of supplier bids, ensuring requirements are met and that prices are inclusive of the total landed cost. Procurement works with the selected supplier to finalize and sign a contract.

Request for Proposal (RFP)

- **What it is:** An RFP is a solicitation for goods or services where price is one of many considerations in the “best value” to the university. Other selection criteria include a combination of product quality, supplier qualifications, and product or service requirements.
- **Goal:** To select a supplier that has provided a feature-laden proposal with the top evaluation in both requirements and pricing.
- **Procurement's role:** Procurement conducts the RFP process. Before supplier bids are reviewed, the buyer coordinates the development of an evaluation matrix to ensure a fair process. Evaluation of supplier bids—once submitted to Procurement—is finalized and added to the purchase order eDoc. Procurement works with the selected supplier to finalize and sign a contract.

DID YOU KNOW...?

Procurement manages all of the supplier coordination and communication during the RFx event. This provides structure to the procurement decision by outlining requirements, articulating weighted evaluation criteria, and communicating activities in a single document consistently to all suppliers.



Supplier Engagement

Conflicts of interest

Procurements must be arms-length transactions between unrelated parties to not trigger a possible conflict of interest (COI). A COI may exist if an employee with decision authority or influence on a purchase has a connection to or financial interest in a supplier. Employees are required to self-disclose conflicts of interest with current or potential (bidding) suppliers. Suppliers are also required to disclose conflicts of interest that may exist with university employees as part of Procurement's supplier onboarding process.



FINANCIAL INTEREST

Soliciting business from a company in which you, your spouse, or your child have an interest



FAMILIAL OR RELATED-PARTY CONNECTION

Soliciting business from the university for a relative's or related-party's company



ACCEPTING GIFTS

Accepting money, loans, credits, favors, services, entertainment, or gifts



FOREIGN INFLUENCE

Any undisclosed foreign influence

Procurement evaluates purchases with potential conflicts to determine if other sources are available at the same or better price. If another source is available at similar cost and terms, that source will be recommended to avoid the conflict. If no other suitable sources exist for the purchase—or if the subject matter expert appeals this decision—collected information is reviewed and if the transaction is in the university's best interest forwarded to the MSU Conflict of Interest (COI) Officer for further review and possible submission to the Board of Trustees. [Learn more about COI at MSU.](#)



Supplier Engagement

Single and sole source purchases

Understanding the use case

Single or sole source requests apply when the criteria for competitive solicitation are met, but the subject matter expert has determined that no other viable option exists or meets their need. Single source purchases should be considered if only one of the available products/sources truly meets the unit's need. In cases where no alternatives exist, a sole source purchase would apply.

SINGLE SOURCE: ONE AMONG MANY TRULY MEETS NEED



There are many chip manufacturers around the world



This supplier's chip is the **only** one compatible with owned MRI machine



Subject matter expert is responsible for verifying + supporting single source claim



An auditor will verify against MRI specifications and service manuals

SOLE SOURCE: NO ALTERNATIVE OPTION EXISTS



There is only one manufacturer of a specific type of plastic foam



A formal bid process would be unnecessary



Subject matter expert is responsible for verifying + supporting sole source claim



Auditor will verify no alternatives existed at the time of purchase

Justification

When submitting a single or sole source requisition, the subject matter expert must document the validity of the claim via a [Single/Sole Source Justification form](#). Procurement evaluates and makes the final determination as to whether competitive solicitation is needed; however, Procurement does not confirm the validity of single or sole source justifications.



Supplier Engagement

Sourcing considerations

Business inclusion

The university actively supports providing business opportunities to a diverse base of suppliers. [Learn more about Procurement's work with other university units to ensure compliance with the university's supplier diversity initiatives in MBP Section 270.](#)

Domestic sourcing

Consistent with state and federal law as well as university policy, preference is given to domestic suppliers. Where comparable quality goods and services can be obtained domestically, the university will bias toward the domestic supplier. [Learn more about domestic and foreign order requirements in MBP Section 270.](#)

Sustainability

The university engages in activities that consider environmental, economic, and societal impacts. Procurement can help the requestor examine the total cost of ownership for purchased goods including shipping and freight costs, products made with pre- and/or post-consumer waste, energy use during equipment life, and end-of-life disposition.



Independent contractors

When working with individuals as suppliers, stakeholder units should review the business relationship to determine if the supplier is truly an independent contractor rather than an employee of the university. [Learn more about working with independent contractors in MBP Section 76.](#)

Consortia agreements

Consult with your Procurement buyer to find out if a consortia agreement is recommended for your purchase, as one may satisfy federal procurement regulations.



Purchases Requiring Additional Review

Contract and grant accounts

Specific accounts have been created for tracking and expensing sponsored research activities. These activities are funded by a variety of entities such as government agencies, foundations, and corporations. They require the approval of CGA and additional approvals from the project's PI may be necessary. [View information related to contract and grants.](#)

Drones

All Uncrewed Aerial and Submersible Vehicles (UAVs, USVs, or drones) must comply with Federal Aviation Administration (FAA) regulations and MSU regulates flying drones over its campus. [Review the university's policy on the use of drones.](#)

Emergency orders

When making an emergency purchase order, ensure the issue meets the definition identified in [MBP Section 270](#). Purchases that do not meet the emergency order criteria and are ordered without prior authorization will be treated as [unauthorized orders](#).

DID YOU KNOW...?

PCards are ideal for accommodating emergency purchases. Connect with your unit administrator if you are interested in becoming a PCard cardholder.

The [Emergency Order Justification form](#) should be completed and attached to all emergency requisitions prior to ordering. During evening or weekend hours, the subject matter expert may complete the purchase and submit the requisition as a "Confirming Order" with the completed form.



Purchases Requiring Additional Review

Information technology

Information Technology (IT) refers to any equipment or interconnected system or subsystem of equipment that is used in the creation, conversion, or duplication of data or information. Before IT hardware or software is purchased or downloaded outside of the MSU Tech Store, an IT Readiness form must be submitted via a requisition, even if a PO is not necessary (e.g., free software, PCard purchases, or Spartan Marketplace purchases).

When purchasing software that includes a licensing agreement from a foreign country, there may be a royalty tax deducted from the invoice or charged to the unit. [Learn more about tax withholdings.](#)

Leases

Lease Purchase Program

University Procurement and Logistics offers a [Lease Purchase Program](#). This program is a payment option for making purchases but does not replace the normal procurement process.

Advantages of the Lease Purchase Program include:

- An affordable fixed interest rate
- Flexible term length (one to five years)
- Avoidance of possible East Lansing taxation and early payoff penalties

DID YOU KNOW...?

When creating the purchase requisition, the requestor can request use of the UPL Lease Purchase Program funds via the Notes section.

External lease agreements

The [Finance Office's Capital Lease-Purchase Program](#) provides a financing option for units purchasing equipment or capital assets with an aggregate value exceeding \$500,000.

Property leases

Purchase orders for property leases may be established as a payment mechanism only, when signed under other authorized signature authorities.



Purchases Requiring Additional Review

Mechanical equipment

Mechanical equipment—such as boilers, steam and gas turbines, pumps, gas compressors, generators, and others—route through Infrastructure Planning and Facilities (IPF) for approval purchase.

DID YOU KNOW...?

Movable capital assets are non-expendable, tangible property with an aggregate acquisition cost of \$5,000 or more. [Learn more about what qualifies as a movable capital asset and the capital asset purchasing process.](#)

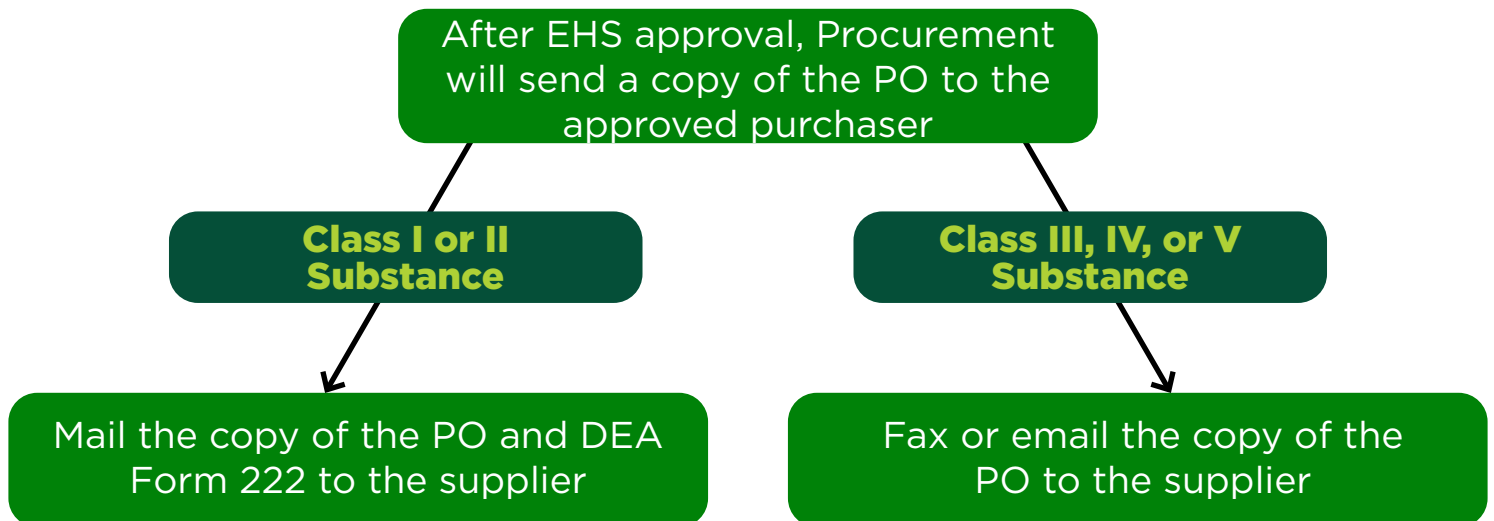
Munitions

All purchases of munitions—including ammunition, weapons systems, and equipment—route through the MSU Department of Police and Public Safety for approval.

Scientific and regulated purchases

Drugs, narcotics, and controlled substances

Requisitions for controlled substances must indicate the substance type and class. [Instructions are available from Environmental Health and Safety \(EHS\).](#)



Purchases Requiring Additional Review

Hazardous materials

Hazardous materials are substances or materials that pose an unreasonable risk to health, safety, and property when transported, such as compressed gases, flammable liquids and solids, and dry ice. The stakeholder must identify if the goods being purchased contain hazardous materials to ensure proper processing and approvals.

Scientific alcohol

Scientific alcohol is only purchasable from the University Stores catalog in [Spartan Marketplace](#). Alcohol purchases cannot be made at the University Stores storefront, as this is highly regulated by the State of Michigan.

Scientific equipment and duty-free entry

Certain scientific equipment may be imported into the U.S. duty-free if the following criteria are met:

- The scientific instruments and apparatus are to be used exclusively for educational purposes and scientific research, and
- The scientific instrument or apparatus, or its equivalent, is not manufactured in the United States.

Duties on scientific equipment are often substantial. Units should apply for duty-free entry well in advance of making the purchase by contacting the appropriate Procurement buyer. If duty must be paid, the budget should be updated accordingly before funds are committed elsewhere.

Security systems

Requests to purchase and install independent security systems and cameras must route through the MSU Police Department and MSU Information Technology. These purchases are disallowed through Spartan Marketplace.

Vehicle purchases

Transportation Services is the only unit authorized to make purchases of passenger vehicles. Procurement will review the specifications and sourcing options for vehicle purchases and may choose to enter a competitive solicitation process.



References

Glossary

- **Buyer:** Procurement staff members who evaluate purchase requisitions, solicit quotes and proposals, negotiate pricing and terms, and oversee the issuance of purchase orders (POs)
- **Decision authority:** The ability to determine what good or service should be purchased and from which supplier
- **EBS:** Enterprise Business Systems, portal to access the financial system
- **Employee:** An individual who works for the university, including temporary, on-call, student, and contract/agency workers; may include the requestor, fiscal officer, subject matter expert, or others involved in the procurement process
- **Encumbrance:** Notation on the General Ledger that funds have been earmarked for a purchase; off-book encumbrances are not allowable per GAAP
- **Fiscal officer:** A university employee responsible for the management of funds associated with one or more financial accounts
- **GAAP:** Generally accepted accounting principles, set by the Governmental Accounting Standards Board (GASB)
- **General Ledger:** The central record of an account's transactions; also referred to as "the GL"
- **KFS:** Kuali Financial System, the university's financial system where Procurement activities are processed and recorded
- **Purchase order (PO):** The document issued to a specific supplier committing university funds for the procurement of goods and services
- **Purchase requisition:** A document which specifies what is to be purchased and the appropriate account number(s) to be charged
- **Signature authority:** The permission to sign contracts and agreements on behalf of the university, as delegated by the President
- **Spartan Marketplace:** An e-procurement solution that provides a centralized, convenient, cost-effective way to make departmental purchases
- **Subject matter expert:** A university employee who has the specific, relevant knowledge required to identify the need for and specifications of a purchase. For research projects, this will be the principal investigator



References

Glossary (cont.)

- **Supplier:** A company who provides goods or services to the university
- **Unauthorized order:** Agreements regarding procurement that do not follow an approved procurement process such as a purchase order, PCard purchase, or Spartan Marketplace purchase
- **Unit:** Organizational entities at the university, each with a responsible administrator; includes departments, organizations, programs, colleges, and MAUs
- **University:** A public land-grant research university based in East Lansing, Michigan whose employees administer procurement functions through delegated authority
- **University Procurement and Logistics (UPL):** The Major Administrative Unit that includes a Procurement sub-unit, which competitively solicits, negotiates commercial contracts, and issues orders for goods and services on behalf of the university under delegated signature authority

Additional resources

- [Manual of Business Procedures \(MBP\) Section 270](#)
- Decision trees
 - [Supplier relationships](#)
 - [Movable capital assets](#)
- Tutorials
 - [Creating a standard purchase requisition](#)
 - [Creating a complex purchase requisition](#)
- Forms
 - [Emergency order justification](#)
 - [IT readiness](#)
 - [Single/sole source justification](#)

