

Step by Step Process Navigating Procure-to-Pay Cycle

Procurement is a means to satisfying business unit requirements by acquiring the goods and services we need. A procurement well carried out means policies and procedures are followed, pitfalls are avoided, a cost effective process is established, and a satisfying outcome is achieved.

With the deployment of the right strategy, every purchaser will be able to navigate through the complexities of a procurement cycle to achieve our goals and deadlines while meeting our due diligence duties. Here are the recommended steps:

Planning

Planning is the stage when we try to determine the specifics of the procurement such as what, when, where, how much and how. Depending on the complexity of the procurement and how much information we have when we start our planning, the time required for planning varies to a great degree. Here are a list of things that we need to know before we move on to next step.

- Are we buying goods or services?
- Is it a one time purchase or is it a long term recurring purchase?
- Are there any regulatory requirements governing the goods or services we are buying?
- If services, are we procuring consulting services or professional services?
- Are there any university policies and procedures applicable to the purchases?
- Are there any specific functional departments that we need to get approval from or need to consult before making final decisions?
- When and where do we need the goods or services delivered?
- How long is the term of the contract we are trying to set up? Should we consider an extension option?
- How do we want the goods delivered or the services provided?
- How much is our budget for the purchase?
- How do we want the supplier to quote? As time and material quote, hourly rate or a flat rate? In what currency?
- How do we want to pay the supplier? Do we need to consider a milestone payment schedule? Is a deposit payment necessary?
- What is the total procurement value of the purchase?

Sourcing

Once we have all the requirements of our procurement, we are ready to start sourcing. At the University, the Total Procurement Value of a purchase determines what process we take to source suppliers.

Goods and Non-Consulting Services

Total Procurement Value	Sourcing Requirements	Form of Agreement
below 5,000	Single quote, order confirmation or other documented confirmation	SMC, PCard, LVPO
5,000 - 9,999	Minimum of one written quote	SMC (if available), HVPO
10,000 - 24,999	Minimum of two written quotes	SMC (if available), HVPO
25,000 - 99,999	Invitational competitive procurement with a minimum of three written quotes	HVPO
over 99,999	open competitive procurement	HVPO

Consulting Services

Total Procurement Value	Sourcing Requirements	Form of Agreement
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below 100,000	Competitive procurement either by invitation, with a minimum of three quotes, or open	same as non-consulting services
100,000 and over	Open competitive procurement	same as non-consulting services

Special Commodities
 (Specially) Denatured Alcohol, Radioactive Materials, Biological Hazardous Materials, Live Animal (vertebrates), Hazardous Material Disposal

Total Procurement Value below 5,000	Sourcing Requirements Single written quote	Form of Agreement HVPO
5,000 and over	same as non-consulting services	same as non-consulting services

- Solicitation of Quotes/Proposals
- Evaluate Supplier Quotes/Proposals
- Select Goods/Services Provider

3. Approval - Obtain the Approval Required by Budget Authority

4. Contracting - Negotiate and Sign Contract, Place the Order

- Issuing Purchase Order
- Signing Agreement/Contract

5. Contract Management - Receive Goods and Services, Implement Solutions and Pay Suppliers

- Receive Goods/Services
- Pay Supplier Invoices
- Contract Revision
- Contract Renew/Extension
- Contract Termination/Cancellation
- Issue Management
- Evaluate Supplier Performance
- Document Retention

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