Questions and Answers for FACT group on PCard changes –

When PCard was first initiated on campus it was upper management’s thoughts to purchase all small purchases on the PCard at that time, as it was prior to Banner and BearKatBuy. A policy was put in place to validate these efforts. As most of you are aware there is a need for policy review and revision annually or every few years to accommodate current circumstances.

Upper management requested last year to see all PCard spend by department level to determine what was being purchased on the PCard outside of BearKatBuy. It was determined that a lot of spend on the PCard across departments should have been processed through existing contracts in BearKatBuy where savings could have been realized and where the agreements are already in place with terms surrounding pricing, shipping, warranty, etc. Therefore, the policy was removed that encouraged all small purchases by the University on PCard. This step also allows the University to assess the credit limits on all PCard’s and provides the ability to take down some of the higher credit limits on the PCard which lessens the liability to the University when it comes to potential fraudulent activity on credit cards.

The annual spend through the tool is also reviewed by the Chancellor’s office by Component. The Vice Chancellor for Finance and the Chief Procurement officer’s and their teams quarterly look for common vendors across Components that can be added to each Marketplace to provide deeper discounts, free shipping, and larger rebates to the Components and TSUS as well.

It’s more cost effective to purchase through the contracts when you look at the bigger picture of the University as a whole, not as individual transactions/departments. The cost for shopping outside BearKatBuy has to include a cost benefit analysis for an individual wanting to save say $20 outside the contracts to shop “in store”’. However, when you add in that person’s salary and benefits in addition to time spent away from the office shopping, there really are no savings to the University.

As the University gets less and less money from the State to cover O&M and salaries, Procurement is just one of the areas tasked by upper management with tapping into cost savings, efficiencies, and increasing revenues to help cover some of these costs for the University.

Amazon is not always the best value, and often time’s departments spend countless hours trying to get taxes credited to their PCard by third party suppliers who charged tax. This is not a problem isolated to SHSU. Departments also need to remember that SHSU and all state agencies are under a state mandate and obligation to utilize HUB (small minority owned) businesses as much as possible in order to meet the state percentage goals set forth by
ethnicity groups. A monthly report goes to each division and the President showing the percentage spent by division and/or department in the prior month with HUB’s. Procurement must also report bi-annually to the State our HUB numbers to ensure we are meeting the goals set forth. The Senators who care about this legislation will even call our Component President’s on the carpet during the Legislative sessions when our agencies are performing sub-par or consistently not meeting our targeted HUB goals. Most of the contracts in BearKatBuy have a HUB partner tied to them which assists the University in achieving those goals.

Below are the answers to the most commonly posed questions received by Procurement since the changes to policy/procedures were made earlier this fiscal year.

**Can you clarify the change in policy in regards to the consumable supply purchases email that was sent in December?**

The update in policy that was approved by President’s Cabinet states that items available for purchase on the BearKatBuy Marketplace may no longer be purchased on the PCard. The contracts that have been put in place in the Marketplace offer deeper discounting across thousands of items and leverage volume spend across the University or System to provide deeper discounting and larger rebates back to TSUS and/or SHSU. There will ALWAYS be a vendor who offers a lower price on a certain item this week or next week due to retail sales, etc. The contracts we have in place offer competitive pricing throughout the year and year over year. Some suppliers also include free shipping, warranty and other items of value that you will not receive through vendors outside the tool.

**Are there other items besides consumable supplies, such as coffee, that can still be purchased from PDME?**

Departments may still purchase any of the items available under the punchout catalogs through those suppliers. Upper management did say that because coffee and creamer and those types of food items are offered only as a convenience through office supply catalogs that those items can be purchased outside of the punchout at your local grocery store or other supplier. Whiteboard, desk accessories, etc. are all available thru the punchout and should be purchased there and not through Amazon or a local vendor.

**Is there a list of items that have to be purchased from PDME and nowhere else?**

If the items are offered in the PDME catalog or another punchout supplier within the BearKatBuy Marketplace the items should be purchased from one of those approved vendors through BearKatBuy and not on the PCard. The list would be exhaustive and is ever changing as products are always being added to the vendor’s online catalogs.
Can we go to the local stores in town and purchase office supplies, building supplies, lab/medical supplies with the PCard if we need them right away?

No. In emergency situations it can be reviewed on a case by case basis by Procurement, who holds the final decision on how and where items will be purchased. The dept. would need to submit a PCard Exception Approval form and receive PRIOR approval before purchasing.

Can we get a comprehensive list of items that are considered office supplies, building supplies, lab/medical supplies to ensure we follow policy?

A prudent person knows what constitutes these supply categories. A comprehensive list for all of these categories would be exhaustive and ever changing. The best rule of thumb is if it is offered through one of the punchout suppliers in BearKatBuy Marketplace then the purchase should be made in BearKatBuy, and not on the PCard. Our staff are happy to assist you in sourcing what you need in BearKatBuy, or elsewhere, if not available through BearKatBuy punchout catalogs. For time sake, you can list your item on a REQ, put Purchasing Dept. as the supplier, and Procurement will take on the burden of sourcing or locating the requested item at the best price, thus freeing up your time to work on other tasks.

The new PCard policy states that “items available for purchase” on BKB Marketplace may not be purchased outside the tool. What about local vendors? Is Procurement saying we cannot use these local vendors?

If the items are available through BearKatBuy they should be purchased through those vendors as indicated in policy. If items are not available under an existing contract in BearKatBuy, then departments can shop and are encouraged to shop local vendors. The PCard is no longer intended to be the main purchasing tool for departments or to be used as a convenience. The fact of the matter is, if using BearKatBuy you are saving yourself time of reconciliation on the PCard each month in Chrome River.

If an item is available through the Punchout, but CHEAPER through another supplier, can we purchase items outside of the BearKatBuy Marketplace on the PCard?

The items available through the punchout catalogs should be what the departments are purchasing. If you have an issue or concern about pricing found cheaper outside of BearKatBuy, then please address it with your assigned Purchaser. Procurement will do a cost analysis if it is warranted and work with our contract suppliers to see if they can offer an additional discount on larger quantities. Again, there will always be a vendor running a special on certain products week after week, just as grocery stores, Walmart and Target do with weekly ads. The contract pricing we have in BearKatBuy is consistent throughout the year, and often year over year. If it is determined by Procurement that there is indeed a cost savings that is in the best interest of the University as a whole (not one off items by dept.), then Procurement will allow that predetermined item to be bought from an outside supplier, but not necessarily on the PCard.
If we find an item cheaper through a vendor outside the punchout do we need to attach a copy of this information to the Purchase Order?

If the supplier outside of BearKatBuy has a cheaper price, the department is encouraged to attach the quote from the supplier to the Purchase Requisition, and make the Requisition out to Purchasing Dept. Procurement will do the leg work to determine whether or not this one time purchase warrants a significant savings to the University. It also allows us to visit with our contract vendors for deeper discounting on those items if necessary. Often times a department thinks the price is cheaper, but by the time you pay for shipping, and/or other fees, and wait several days to a week for delivery, the outside supplier is not the best value.

Why was this change announced in a mass email from the VPFO’s office? I never look at these types of emails or monthly newsletters. Why was this not announced by Procurement in advance? Who makes these decisions and why are they so arbitrary and unfair?

Procurement and Business Services is a division of the VPFO. It is our understanding that all changes to policies will be sent via mass email from here on out through the appropriate and applicable VP’s office out to campus.

We sincerely hope that most staff do read mass emails and/or newsletters as they are the most effective way for campus to get information out to all staff and faculty at one time.

Procurement did not announce in advance as the policy had to be reviewed and approved by President’s Cabinet, and procedures had to be updated to match.

Why was PCard policy changed to separate policy from procedures which now requires users to look in a different location for information which requires more time?

We were asked by the upper management to separate policies and procedures. The reason is because all policies must be reviewed and updated by Cabinet, and the Cabinet members are not there to determine best business practices on procedures or get into the weeds on such minute detail. Separating policy from procedure means for example as software changes or other business processes change, departments are free to update procedures that include steps for processing without having to go back through Cabinet for approval. The bulk of what departments were referring to on a daily or routine basis in the prior PCard Policy/Guide was procedural.

What is Procurement going to change next that will require departments to do their job for them?

If at any time you feel like you do not have time to do your job and make your departmental purchases, it has always been an option for you to submit a REQ made out to Purchasing Dept. in BearKatBuy and include your FOAP, items or specs, and Procurement can find the vendor and
complete that transaction for you. The tools that have been put in place over the last five years (software) were not requested by Procurement, but rather by our System office and upper management to provide the best value, transparency on campus purchases, fraud prevention and automate many of the manual processes that were in place previously. We are all on team at SHSU, and the Procurement office is here to assist and help you, not make your job more difficult, so please reach out if we can assist you in any way.

**Why are there names on certain account codes?**
The State Comptroller is who provides the account codes and naming conventions. If you have suggestions for words to be added to codes you can submit those to Procurement@shsu.edu and our office will work with the SHSU Controller’s office to review and possibly edit our names on the Account Code Guide. Keep in mind that some codes by State Comptroller definition cover more than one category of items, hence the often vague naming conventions.

**Can Procurement provide an updated list of HUB vendors with a description of what products they provide?**
We have that on the Procurement website under the HUB tab, see non-local and local HUB list.

**Can Procurement provide a list of what items each vendor on BearKatBuy provides to save departments time?**
Procurement will add a cheat sheet of marketplace suppliers along with descriptions of types of items offered to our website for end user reference. BearKatBuy Punch Out Vendor List