WHAT IS AN UNAUTHORIZED PURCHASE?

Unauthorized purchases (After-the-Fact orders), are purchase transactions that are either entered into by an individual that is not authorized to contract on behalf of the University, or entered into by an individual normally authorized to contract, but who uses an unauthorized procurement method, or exceeds their delegated authority. That authority is limited to Procurement organization buyers and contract administrators to assure compliance with federal and state law, University policy, and prudent business and financial practices. An unauthorized purchase order does not necessarily mean signing a contract, it can be a verbal understanding. For example, a department tells the vendor that they are having an event on campus and would like them to show up at campus at 3:00 to provide food for the students. That can be construed as a contract and is an unauthorized purchase.

WHY IS IT IMPORTANT TO AVOID MAKING UNAUTHORIZED PURCHASES?

It takes much longer for the vendor to receive payment: (1) Many vendors who do business with the University are small, local businesses. They rely on and expect prompt payment. When you make an unauthorized purchase, often payment is delayed days, weeks, or even months while the paperwork is being approved. This is not fair to the vendor and, occasionally, it can result in late fees or restrictions on our ability to do business with that vendor. If it is a vendor that many departments use, the actions of one department can impact the entire University. (2) There could be increased liability to the University: When potentially dangerous items or services are purchased, it is important that these procurements be reviewed by Procurement for compliance with University regulations, applicable laws, insurance requirements and myriad other considerations. This is particularly important when dealing with contractual agreements. Such agreements require procurement review to ensure that the University’s interests are protected. They may also require review by General Counsel, Risk Management, or need Vice President approval, all of which review is coordinated by Procurement. (3) If something goes wrong with an order or agreement and the University becomes liable for damages, that liability could be passed on to the person who entered into the unauthorized agreement.

Please don’t sign anything without checking with Procurement first! You or your department may lose procurement privileges: The Director of Procurement has the authority to suspend or revoke the procurement privileges of any department determined to be guilty of repeated unauthorized purchases or other procurement violations. This means the offending individual or department would lose the ability to use their Procurement Card, the ability to enter a requisition, or any of the other tools designed to make procurement easier for University personnel. The University is audited frequently by funding agencies to ensure, among other things, that these policies and procedures are being followed. Failure to comply with procurement regulations can result in material findings by the auditors and ultimately cause the University to lose funding and also jeopardize its ability to obtain future funding.

WHAT CAN I DO TO AVOID MAKING AN UNAUTHORIZED PURCHASE?

A few things you can do: (1) Just call us, we'll help. If you need something immediately, give Purchasing a call. (2) Plan ahead! (And help the other members of your department to plan ahead as well.) When a requisition is sent to Procurement at the last minute, often there is not enough time for us to process it properly to ensure that a purchase order or contract is in place by the time it is needed. Don’t assume that because you entered a requisition the procurement is complete. (3) Make sure a quote is just a quote. It makes good sense to contact a vendor and obtain a quote for goods or services. However, you should always make sure the vendor understands that you are not placing an order unless you are using your Procurement Card. You should never give a vendor a requisition number to place an order.

Just remember, Purchasing is here to help and we will gladly help you through the Purchasing process.