Purchasing — Learning Objectives

By completing Purchasing, including the self-test questions and interactive exercises within each lesson and the end-of-lesson quizzes, you will gain knowledge and skills that will help you understand the purchasing process in a government.

Lesson 1 — Introduction to Public Purchasing

Governmental structures of all types and throughout history have had to “buy” things. In today’s context, many laws, regulations, and procedures exist around the activities of governmental purchasing. Given that government is spending tax dollars, the expectations of a fair, competitive, and open process of integrity are high, as are the expectations of obtaining best value.

Learning Objectives:
- Understand why it is important to have a purchasing function
- Cite the functions and goals of purchasing
- List the characteristics of a quality purchasing staff

Lesson 2 — Purchasing Organization

Every government is different, yet they have many similarities. This holds true for the purchasing organization in your agency. Whether large or small, governments must follow laws, regulations, policies, and procedures. In this lesson, we will study these legal aspects and we will look at the structure of the purchasing organization. By lesson’s end, you will come to better understand your own.

Learning Objectives:
- Cite the advantages of centralized versus decentralized purchasing systems
- Explain the importance of authority and responsibility in the purchasing function
- Discuss the laws, rules, and regulations when purchasing with state and federal funds
- Describe the components of local ordinances and regulations

Lesson 3 — The Purchasing Process: Request for Supplies, Equipment, and Services

There are universal dynamics that every purchasing office shares with other purchasing offices. These include many of the same steps in the process, the need for soundly written specifications, some form of requisitions and purchase orders, delivery, and receipt. Whether procuring a good or a service, your purchasing process is very similar to the one at another agency across the United States.
Learning Objectives:
• Explain the steps of the purchasing process
• Discuss the importance of writing specifications
• Outline the process of issuing the requisition and purchase order
• Report important aspects of delivery and receipt of goods
• Explain importance of identifying capital assets as part of the purchasing process
• Describe the important components of a fee policy as it relates to an overall revenue policy.

Lesson 4 — The Purchasing Process: Competitive Sealed Bids and Proposals
Governments need to be aware of not only what they buy, but how they buy. We have already discussed the notion of competition and best value. The methods used for the procurement process will help drive the level of competition and best value results. Furthermore, a transparent, open and fair process will help ensure that the interest of all parties is best looked after. Integrity is a key component of what purchasing is all about. Established methodology helps achieve this. This lesson will look at formal methodologies, also called competitive sealed bids and proposals, and all of their legal requirements.

Learning Objectives:
• Describe the competitive sealed bidding process
• List options for selecting sources for supplies
• State the characteristics of bid documents
• Recite the process for awarding bid
• Discuss the differences between a competitive sealed bid and competitive sealed proposal, and the combination of the two (multi-step or two-step bidding).

Lesson 5 — The Purchasing Process: Additional Purchasing Methods
In this lesson, we will look at all of the procurement methods other than formal sealed bids and proposals. They include informal, smaller dollar procurements, emergency and sole source purchases, and procurement methods employed by user departments.

Learning Objectives:
• Explain when informal bidding methods are permitted
• Discuss how to perform a telephone quote
• Recite circumstances in which an emergency purchase should be allowed
• List situations in which sole source purchases should be allowed
• Recognize when term contracts may be advantageous
• Discuss purchasing methods employed by user departments

Lesson 6 — The Purchasing Process: Receiving, Inspection, Payment and Disposal
Continuing on with the procurement cycle, we have looked at how solicitations are drafted, decisions about the method of procurement are made, and how market responses are received. Having actually purchased something, we now need to examine how to receive and process it, as well as how to dispose of it when its useful life has past.

Learning Objectives:
• Discuss the receiving process including the importance of inspection
• Explain the invoice payment process
• Report the process for disposal of a government’s capital assets
Lesson 7 — Accounts Payable and the Purchasing Process

Procurement is an essential government function. Payments to the private sector for goods and services are the second largest expenditure for governments. These expenditures flow through the government procurement system and interface with the accounting system. The purpose of this chapter is to describe how purchasing documents impact accounting and budgeting. It should be noted that this course is a part of Carl Vinson Institute of Government’s Governmental Finance Certification Program. The related accounting courses will delve into this subject matter in greater depth.

Learning Objectives:
• Discuss how requisitions are used in the purchasing process
• Recall the entries to the accounting ledger for purchase orders
• Explain how direct pays differ from the purchase order process
• List the entries to the ledger required for petty cash

Lesson 8 — Purchasing Documentation and Records

Unlike the private sector, everything that a government does must be transparent and is open to public information. Governmental purchasing is no exception. Understanding not only what is required but also why the requirements exist will help purchasing practitioners and non-practitioners alike. We will look at standard documentation and retention requirements.

Learning Objectives:
• Discuss required documentation for the purchasing process
• Explain levels of authority in the purchasing process
• List purchasing documents required for retention
• Cite time requirements for records retention

Lesson 9 — Other Purchasing Issues

By way of wrapping things up, there are a few “loose” items that are common to most government procurement shops that we will now review. Almost every entity participates in some form of cooperative purchasing, and we’ll briefly explore these. Preference programs continue to be a part of local purchasing ordinances, usually against the protests of the very same purchasing departments who must enforce them; and we’ll look at warehousing as part of the purchasing function.

Learning Objectives:
• Discuss benefits of cooperative purchasing
• Cite characteristics of various preference programs
• Explain requirements for a successful warehouse program

Lesson 10 — Purchasing Ethics

In previous lessons, we talked about the need for integrity and trust in the purchasing world. In the final lesson of the “Introduction to Purchasing for Local Governments,” we will conclude with a high-level discussion of ethics. While we all should understand the need for being ethical in any job function, given that awarded contracts help create financial benefits to businesses every day, ethics are especially important in the purchasing professional.

Learning Objectives:
• Discuss the purchasing ethics related to vendor relationships
• Explain employee ethics relating to purchasing goods under contract prices
• Review guidelines for dealing with the media
• Cite examples of purchasing crime

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For more information about Governmental Finance Courses, contact us at questions@georgiacenter.uga.edu or by telephone at +1-706-583-0424.