

## Standardized Management of Procurement in Colleges and Universities in the New Era

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**Abstract:** In the new era, as the country has put forward higher requirements for compliance management, standardized procurement management has important practical significance to improve the quality of teaching and the construction of educational conditions in colleges and universities with the increasing investment in higher education. In this paper, the risk points and management problems in all aspects of government procurement in colleges and universities in China are analyzed combined with the characteristics of government procurement and independent procurement in colleges and universities. Finally, an effective method of standardized management has been summarized in terms of improving procurement system, standardizing procurement behavior, perfecting procurement supervision mechanism and strengthening the construction of procurement team based on the results of operation and management of enterprises, so as to provide reference for procurement in colleges and universities in China.

### 1. Introduction

In recent years, with the increasing investment in the “double first-class” construction of colleges and universities, the procurement funds of colleges and universities have also increased significantly. In addition, it has been exposed in many schools that some leaders in charge of the procurement work are involved in violations of laws and regulations, which has brought many negative effects on the development and construction of colleges and universities and public opinion. Therefore, in order to realize the standardized management of procurement in colleges and universities and meet the relevant requirements of the state for compliance management in the new period, it is urgent to establish and improve the procurement management system in colleges and universities, and strictly control the procurement organization, supplier selection, budget management, fund approval, supervision and audit, etc.

In 2003, a series of laws and regulations, such as the *Government Procurement Law* promulgated by the state and the *Interim Measures for the Administration of Government Procurement* promulgated by the Ministry of Education, marked the full implementation of government procurement in colleges and universities, which has greatly promoted the standardized management of procurement, the construction of a clean government and the reduction of procurement costs, but with shortcomings such as long procurement cycle, cumbersome process and inflexible procurement forms. Therefore, it is a new topic facing the procurement management in colleges and universities in the new era to explore the implementation of the government procurement-oriented, flexible procurement-supplemented procurement mode with full market competition and compliance system security.

### 2. Current Situation and Problems in Procurement Management of Colleges and Universities

#### 2.1. Advantages and disadvantages of government procurement in colleges and universities

Procurement in colleges and universities should be completed by determining procurement

requirements, preparing procurement plans, selecting procurement methods, implementing procurement procedures, signing procurement contracts, and organizing performance acceptance [1]. Government procurement in colleges and universities refers to a way in which the school entrusts the government procurement department to organize the procurement by invitation to bid, which can make full use of the influence of the government to mobilize suppliers in the region to carry out full market competition and promote the pressure drop of procurement costs. Procurement funds are generally financed and directly allocated to suppliers by the government finance department, so as to effectively avoid the influence of human factors on procurement and the breeding of procurement corruption. But there are also some weaknesses and deficiencies:

#### **2.1.1. Cumbersome procedures and long procurement cycle**

By investigating the actual situation of government procurement in some colleges and universities in the region, it is found that the period of centralized government procurement is generally 3-4 months, which is more than ten times that of autonomous decentralized procurement in colleges and universities, mainly due to the many links and long time-consuming examination and approval of various applications. For example, it usually takes 5-10 days from preparation of procurement budget to submission to school leaders for approval, 10-20 days for preparation of government procurement bidding documents as required, 5-10 days for bidding documents to be submitted and approved by government procurement departments, and more than 3 months for government procurement departments to start bidding process and materials to arrive. There is a certain mismatch between the cumbersome procurement approval procedures and the procurement time limit for some urgently needed materials in colleges and universities.

#### **2.1.2. Restricted procurement of non-general materials such as high-end equipment**

Colleges and universities mainly focus on teaching and scientific research, so they often need to purchase sophisticated teaching/scientific research professional instruments and equipment, which is similar to the purchase of professional machine tools or instruments and equipment by enterprises, but different from the purchase of general materials by state government agencies and other institutions. However, sophisticated special instruments and equipment usually have high technical parameters and few equipment suppliers, and even unique domestic manufacturers, and some of them may need to be imported from abroad, while government procurement is generally aimed at materials and commodities with high marketization and relatively uniform standards. In addition, with the continuous improvement of teaching level and diversification of funding channels in colleges and universities, the scientific research funds managed by various government departments are increasing, which will become the main funding channel for colleges and universities to purchase special scientific research test instruments and equipment. However, due to its own laws and the constraints of project approval cycle, the purchase of special scientific research test instruments and equipment is extremely time-sensitive to ensure that scientific research tasks can be completed on schedule according to the approval plan. Therefore, the purchase of high-tech scientific research and testing instruments and equipment through government procurement channels has great limitations in terms of vendor selection and procurement timeliness.

#### **2.1.3. Difficult procurement budgeting and execution control**

In addition to financial funds, university funds also come from various sources, such as national scientific research funds, funds for major research/participation in national projects, and income from running schools independently. The financial fund has a relatively fixed budget preparation time, which is mainly used to purchase daily teaching equipment and materials. The accuracy of budget preparation and implementation rate are basically controllable. However, due to the great uncertainty of scientific research, it is difficult to control the use of scientific research funds and the preparation and implementation of scientific research procurement budget. Some scientific research projects even have approval in the middle of the year, while the school procurement budget is

generally made at the beginning of the year. Therefore, the school can only estimate the annual scientific research procurement budget based on the experience of scientific research expenditure in previous years, which is quite different from the actual implementation and generally affects the compilation and implementation of university government procurement budget.

## **2.2. The construction of standardized procurement management system in colleges and universities**

### **2.2.1. Procurement mechanism construction**

Procurement management has always been in the marginal position in the administrative work of colleges and universities, with relatively backward management mechanism and mode, mainly due to the lack of understanding and attention to procurement management. As the current procurement work is generally organized and implemented by the asset management department or the financial department concurrently, the demonstration of the procurement needs of various departments and the research on the market are not strong enough, and the supervision and auditing departments are relatively weak in supervising the procurement business, thus no efficient and standardized procurement mechanism has been formed.

### **2.2.2. System construction**

With the deepening of government procurement in colleges and universities, most of them have successively formulated material procurement rules and regulations in line with their own actual conditions with reference to the laws and regulations such as the *Government Procurement Law of the People's Republic of China* and the *Law of the People's Republic of China on Tenders and Bids by the Government*, as the fundamental guidelines for guiding standardized procurement. However, due to differences in scale, management mechanism, fund channel and running direction of different colleges and universities, the self-prepared procurement rules and regulations lack universal adaptability, some systems are not updated timely and accurately, and a complete system is not formed to comprehensively cover and supervise all aspects of procurement. For example, for the purchase of scientific research instruments and equipment with large value and high technical complexity, specific implementation rules have not been formed in some colleges and universities; in view of the standardized management of university independent procurement except for centralized government procurement, most of them have neither taken targeted management and supervision measures, nor established a market-oriented competition-oriented supplier access and exit mechanism, or had a list of qualified suppliers that meet the their own procurement needs or a list of material prices that meet the actual market conditions.

### **2.2.3. Professional capacity building**

Although college personnel have improved their understanding of the standardized management of procurement with the continuous improvement of the country's compliance management and audit requirements in recent years, college procurement management is generally performed by teachers or related asset management and financial management personnel concurrently, which leads to a serious lack of efforts to participate in procurement business training, learn relevant policies and regulations and conduct market research. Moreover, their reserve of purchasing professional knowledge and skill level can no longer meet the requirements of standardized management of procurement in colleges and universities in the new era. As the construction of colleges and universities continues to move towards high quality, the education funds will increase year by year, and the procurement tasks will double, which will pose a new challenge to the construction of procurement professional capacity in colleges and universities.

## **3. Suggestions on Standardizing Procurement Management in Colleges and Universities**

### **3.1. Establishing and improving the internal audit mechanism of colleges and universities**

In order to further standardize the procurement management, colleges and universities can learn from the enterprise management mode, and implement regular or special audits on supplier selection, bidding process, payment schedule and method, product performance and quality compliance, procurement risk management and control by establishing the internal audit mechanism in colleges and universities, and strengthen the examination of management institutions, system construction, bidding documents, bid evaluation methods, contract audit and other rules and regulations in the actual audit around the functional scope of university government procurement audit [2]. The centralized management department of the procurement business and the procurement demand proposing department and the procurement use department in universities should actively cooperate and provide true and complete audit information when accepting the internal audit. The internal auditors shall have the professional background and practical experience in auditing, accounting, economy, law, management and other fields necessary for the audit work. Experts in the industry can also be hired to help carry out internal audit in colleges and universities. In addition, the internal audit department of colleges and universities has the right to investigate and inquire relevant departments and individuals in colleges and universities about relevant issues in the audit matters and obtain relevant supporting materials, and put forward opinions and suggestions on accountability for the audited units and individuals that violate laws and regulations and cause losses and waste in school procurement. The leadership of colleges and universities should regularly listen to internal audit reports, make decisions on and punish violations of laws and regulations in the procurement process, and hold those responsible accountable.

### **3.2. Constructing a new compliant and efficient procurement mode**

Colleges and universities can explore the establishment of an independent procurement business department to effectively ease the current management situation of the financial department as both a “referee” and an “athlete”, effectively avoid the “redundant intervene” and corruption breeding of the financial department in the procurement business, give full play to the supervision role of the audit and supervision department in the procurement business, and finally form a standardized management system of college procurement with an organic combination of “procurement, finance and supervision”. At the same time, it is also necessary to establish and perfect procurement management systems such as material and asset procurement management, bidding management, contract management and financial management systems such as cost accounting, comprehensive budget and price management, so as to form a rigid constraint mechanism on the institutional level for the standardized management of university procurement.

A supplier management mechanism should be established for independent procurement in colleges and universities, and the establishment of a supplier management committee can be explored, which is mainly responsible for scientifically setting access conditions around the dimensions of supplier qualifications and capabilities, and forming and rolling up a list of compliant suppliers. Suppliers must be strictly selected from the list of qualified suppliers, and the confirmation of qualified suppliers must be inspected and evaluated by the supplier management committee of colleges and universities. The list of qualified suppliers can be managed by different levels according to the government procurement and independent procurement of colleges and universities. The part that the government is responsible for procurement should be strictly purchased from the suppliers selected by the government, while the part that is self-purchased can be purchased by making full use of the range of suppliers selected by the government and conducting extensive market research in accordance with the principle of “low cost and high efficiency”, forming a benign complementary mechanism with suppliers selected by the government, and fully meeting the needs of university procurement business [3].

### **3.3. Strengthening the management of bidding and procurement process**

Bidding and procurement is the key field of the supervision of the right operation in colleges and universities, but it involves a wide variety and concentration of projects in colleges and universities,

so it is difficult to supervise every link of each bidding project in place. Bidding and procurement is a job with relatively high professional and technical requirements, which also brings certain difficulties to supervision and management [4]. In the management of bidding and procurement process, the bidding method should be defined first. For open bidding or invited bidding, the bidding announcement or invitation letter should be issued in time through effective channels in accordance with the relevant bidding management laws and regulations, and the relevant bidding requirements should be clearly defined to ensure that the whole bidding process is traced. For competitive negotiation and price comparison, suppliers should be strictly selected from the range of suppliers designated by the government or from the list of qualified suppliers in colleges and universities. Market research and economic demonstration should be fully carried out with “high quality and low price” as the basic principle for supplier selection. For single-source procurement, full demonstration shall be made before procurement and the implementation shall be subject to countersigning by the school level by level in accordance with relevant regulations.

In the aspect of bid evaluation, the level of bid preparation should be strengthened, and the requirements of model and specification, technical indicators, delivery progress, payment method, rights and responsibilities of both parties, liability for breach of contract, etc. of the subject matter should be clearly defined. In the formulation of bid evaluation rules, factors such as qualification credit, production capacity and quality system of bidding units should be fully considered, and the composition of evaluation expert group should at least include technical, financial, legal, auditing and supervision fields.

In the procurement contract, it is necessary to strengthen the review of the completeness and legality of the contract terms, and specify the rights and responsibilities of both parties, quality requirements, construction period, payment method, warranty and prescription in the contract. The implementation of procurement contracts with high technical complexity and large amount of money can be accepted by the colleges and universities, and the participants must include the departments of asset management, demand presentation, finance, audit and supervision, etc., and experts in the industry can also be invited to carry out contract acceptance review around the implementation of contract terms, compliance of performance and quality of the subject matter, delivery progress, etc.

### **3.4. Strengthening the overall budget management of annual procurement**

Colleges and universities should strengthen the procurement budgeting ability and the annual procurement budgeting by reference to the annual comprehensive budget mechanism of enterprises. For colleges and universities, the accurate preparation of procurement cost budget is inseparable from the overall development plan of next year. Therefore, the planning department of colleges and universities should prepare the annual overall development plan in advance in combination with the overall teaching task and construction plan of next year, so as to guide the procurement business department to prepare the annual procurement cost budget. Most of the procurement demand proposers are faculty members of the relevant departments of the school, who generally only care about teaching, do not understand price and market, and often compile budgets according to the principle of “plenty is no plague”. However, considering the total budget and implementation rate and other factors, the financial department often cuts down as much as possible, and fails to fully realize the integration of industry and finance in the preparation of the procurement cost budget. Therefore, when organizing the preparation of the annual procurement budget, the procurement business department must strengthen the joint demonstration with the procurement demand proposing department and the finance department to continuously improve the accuracy of the procurement budget preparation [5].

In addition, colleges and universities also need to strengthen the implementation of the annual procurement budget to avoid the disjointed and uncoordinated budget and implementation, conduct regular follow-up checks on the implementation of the budget during the year, dynamically adjust the annual procurement budget according to the actual situation of the overall teaching and

development and construction of the year, and scientifically coordinate the balanced use of the procurement budget to avoid “sudden spending”.

### **3.5. Standardizing the collection of procurement expenses and costs**

In order to effectively improve the standardized management of procurement fees in colleges and universities and meet the audit requirements in the new era, the financial department of colleges and universities should strengthen the cost collection of procurement fees. Taking the management of scientific research funds in a certain field as an example, the state has issued the measures for the management of scientific research expenses of related projects as a programmatic document guiding the preparation of project budget estimates and the management of the use of funds, requiring the units undertaking scientific research tasks to set up special accounts for different scientific research projects, and separately collect costs and expenses according to eight subjects, such as materials, special use, outsourcing, fuel power, affairs, depreciation of fixed assets, management, wages and services. Under the background of the deep integration of production, study and research, many universities and colleges are also undertaking national defense and military research projects at present. Therefore, the various procurement expenses such as materials, special purpose and external cooperation involved in research tasks must be separately collected according to different projects and different subjects, in order to change the current extensive management status of “full responsibility system for project leaders” and “one account for multiple projects” in universities and colleges, and truly realize the university research fund management model in the new era of “universities as the main body of projects, relevant functional departments as a whole, and project leaders as the main responsibility”.

## **4. Conclusion**

In the new period, the state has put forward higher requirements for compliance management, and standardized procurement management is an effective means to avoid the breeding of corruption in colleges and universities. Although government procurement in colleges and universities effectively improves procurement transparency, saves procurement funds and promotes the construction of clean government in colleges and universities, it has drawbacks such as single procurement mode and long procurement cycle. Therefore, it is also necessary to draw lessons from the practical results of enterprises and scientific research institutes, constantly explore the organic integration of government procurement and independent procurement in colleges and universities, and continuously improve the system construction so as to promote the construction of colleges and universities to a high quality through standardized procurement management.

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