

# **PROCUREMENT POLICY AND PROCEDURE**

## **PURCHASING**

### **Introduction**

The Purchasing Office provides assistance in procuring goods and services in support of the College's mission to provide exemplary education and research opportunities. Purchasing is committed to providing a high level of customer service to the faculty, students, and staff of Ursinus College while ensuring the procurement of goods and services is performed in an ethical, compliant, and efficient manner.

### **Role of the Purchasing Office**

The Purchasing Office provides numerous services to the Ursinus College community including, but not limited to: processing Purchase Requisitions (PR); creating Purchase Orders (PO); developing and maintaining vendor relationships; providing vendor information and product pricing; assisting with and/or coordinating the competitive bidding process, and negotiating contracts for office and other high volume products.

## **CODES OF CONDUCT**

### **Ethics**

The Ursinus College Purchasing Office as well as faculty and staff involved in the procurement process, as stewards of the College's resources, should have a strong sense of professional ethics and will abide by the Code of Ethics published by the National Association of Educational Procurement (NAEP). (<http://www.naepnet.org>).

1. Give first consideration to the objectives and policies of Ursinus College.
2. Strive to obtain the maximum value for each dollar of expenditure.
3. Decline personal gifts or gratuities.
4. Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.
5. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
6. Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.
7. Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.
8. Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier; and/or be willing to submit any major

controversies to arbitration or other third party review, insofar as the established policies of my institution permit.

9. Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
10. Cooperate with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods.
11. Foster fair, ethical and legal trade practices.
12. Counsel and cooperate with NAEP members and promote a spirit of unity and a keen interest in professional growth among them.

*\* Ursinus College has adapted the NAEP Code of Ethics.*

## **Conflict of Interest**

As stewards of the College's resources, Ursinus College faculty and staff should perform their duties with the utmost professionalism. Employees should be honest, use fair business practices, and avoid conflicts of interest relating to the purchase of goods, services, and equipment.

Accordingly, employees having a real or potential conflict of interest should not be involved in the selection, negotiation, or administration of contracts or agreements where a conflict of interest would exist.

- A conflict of interest would exist when an employee, his/her family member, business partner or organization has a financial or other interest and/or gain in the vendor selected.

In the event that a conflict of interest or appearance of same exists, the employee should report the conflict to his/her supervisor.

## **Gifts, Gratuities and Favors**

Ursinus College employees may not solicit or accept any gift, gratuity, favor or anything of monetary value from contractors, vendors, or parties to sub agreements that are or appear to be given to influence procurement of goods or services.

Unsolicited gifts or gratuities that are valued under one hundred (\$100.00) dollars may be accepted. Acceptable items may include:

- Promotional items such as pens, pencils, tablets, cups, mouse pads, etc...
- Items serving as tokens of appreciation such as food stuffs such as candy, baked goods, and other miscellaneous items of nominal value.

In the event that a conflict of interest or appearance of same exists, the employee should report the conflict to his/her supervisor.

## **Procurement Policy & Procedure**

The following policies and procedures are provided as a reference when procuring goods and services:

- Any members of the Ursinus community involved in the purchasing process should abide by the [Code of Conduct](#) listed above.
- Requestors should avoid purchasing unnecessary items.
- A price analysis will be made and documented in the central purchasing files for each procurement transaction. This analysis may include comparison of price quotes, review of current market prices, as well as the review of the impact of discounts.
- A cost analysis will be made for each procurement transaction. Such analysis will take into account the reasonableness, allocability, and allowability of the purchase.
- Purchases should be made in a manner that supports and facilitates the competitive bidding process and at the lowest cost consistent with quality, specifications, service and product availability.
- Procurement records and files for purchases in excess of the small purchase threshold of \$25,000 will include the basis for contractor selection, a justification for lack of competition when competitive bids or offers are not obtained, and the basis for award cost or price.
- When appropriate, a [lease vs. buy](#) analysis should be performed to ensure the most economically feasible procurement decision has been made. (Link to policy).
- All contracts need to be reviewed by the Business Office and may only be signed by authorized officials of the College. ([Ursinus College Contract Policy](#)).
- Requests for quotes and/or solicitation for goods and services should include the following components:
  - A clear and accurate description of technical requirements for the supply, equipment or service to be provided.
  - A description of these (technical) requirements in terms of functions to be performed, including the range of acceptable characteristics.
  - Specific features of “brand name or equal” required of the supply, equipment, or service.
  - In instances when quality and availability are equal, recycled products should be considered for procurement providing the cost of these products does not exceed the cost of other non-recycled products.
  - The College is committed to providing equal business opportunities to minority owned, woman owned and small businesses. Whenever feasible, quotes and bids from these businesses should be solicited.

Ursinus College will comply with the procurement standards as set forth by the Office of Management and Budget ([OMB Circular A-110](#)).

## Determining reasonableness, allocability and allowability of costs

When procuring goods and services, the requestor needs to determine if the expense is reasonable, allocable, and allowable.

Reasonableness of expenses may be determined by reviewing and considering the following criteria:

- The cost may be considered necessary and appropriate for the operation of the College and/or for the performance of a grant's specific aims.
- The requestor and/or purchaser acted with due prudence.
- The method of procurement of the goods / services was consistent with established institutional policies and practices.

A cost may be considered allocable when:

- The goods or services are appropriate and assignable in accordance with relative benefits received.

In order for an expense to be deemed allowable, it must: a) be reasonable; b) be allocable (as defined above); c) be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances, and d) conform to any limitations or exclusions set or in the sponsored agreement as to types or amounts of cost items.

Please refer to [OMB Circular A-21](#) for additional guidelines and policies relating to principles for determining costs applicable to grants, contracts, and other agreements with educational institutions.

## Methods of Procurement

There are several methods of procurement offered:

1. [Purchase Order](#)
2. [Check request](#) and [Petty Cash Request](#)
3. Procurement Credit Card

### Procurement – Purchase Orders

Procurement through the purchase order (PO) process allows a requestor to place orders for supplies and services, through the Purchasing Office, with vendors outside of the College.

The PO method of procurement should be used when:

- Purchasing goods and services from an outside vendor.
- Requesting a “blanket” order.
- Purchasing office products.
- A check request is not appropriate. (Please see [Check request](#) and [Petty Cash Policies](#)).

Requisitioning – Process of communicating a need for supplies or services.

In order to initiate procurement via a Purchase Order (PO), a [Purchase Requisition \(PR\) form](#) or [Office Basics Form](#) should be filled out and submitted to the [Purchasing Office](#).

Items integral to the processing of your request:

- Requested Receipt
- Complete item information including: quantity requested; full item description, and the item / catalog price.
- Account number
- Approval from the appropriate Designated Approver (DA). The DA is typically the Department Head, Principal Investigator, and/or group Supervisor. The approver is based on the funding source(s) utilized for the PR.

All orders exceeding \$5,000 should be accompanied by either:

- Three (3) competitive bids. OR
- A bid waiver memo. These are typically used with [Sole Source Purchases](#).
- The waiver may be a very brief memo – 1 to 2 sentences - that explains why a vendor was selected without competitive bidding.
- Example: Choosing a vendor that has an established, professional relationship with the requestor and/or the College.

Requisition approval – [Purchase Requisition \(PR\)](#) needs to be approved by a Designated Approver (DA).

- In some instances, a requestor may not need Departmental or Additional Approval. For example, a faculty member purchasing supplies for the lab from their grant may be both the requestor and approver.
- “Additional Approval” may occasionally be required.
  - For example: A PR being charged to several account numbers; a portion to a sponsored project (grant), and the balance to be cost-shared by departmental funds
    - In this instance, both the grant Principal Investigator and Department Head would provide approval for the PR.
- The Designated Approver (DA) should review PRs to approve the purchase as well as the use of funds.

Submission of the PR – Approved PRs should be sent to the Purchasing Office for processing.

### Purchase Orders (PO)

A purchase order is a formal procurement request sent to a vendor. Purchase Orders may only be created and submitted by the College's Purchasing Office.

All PRs will be reviewed by the Purchasing Office.

The Purchasing Office is responsible for identifying the best price available based on the parameters and specifications outlined on the PR. Parameters include, but are not limited to: primary and secondary choice of vendor; technical and/or material specifications, and required date of receipt.

There may be instances when the Purchasing Office needs to alter the original PR based on vendor availability, pricing, or availability.

Equipment purchase requests require a brief description of the type of equipment, and three (3) bids or a justification for "[select vendor](#)" or "[sole source](#)" selections. For additional information relating to Ursinus' [Equipment Policy](#) and Forms can be accessed on the [Business Office website](#).

Any changes or corrections deemed necessary will be communicated to the requestor. Once modifications or corrections have been made, the Purchasing Office will provide the final approval and place the order with the vendor.

The Purchasing Office will process submitted, approved PRs within 24 – 48 hours of receipt.

Each Purchase Order (PO) is assigned a unique identifier. This number along with other PO details, such as expected delivery date, will be provided to the requestor by the Purchasing Office. A copy of the PO will be filed in the Central Purchasing Files.

### **Receipting**

It is important for requestors and/or their departments to verify that goods or services were received in proper condition and in accordance with the purchase order. Receipt of goods should be communicated to the Purchasing Office. In addition, a copy of the original packing slip should be sent to Purchasing for the Central Purchasing Files.

- Any damage to the shipping container noticed at the time of delivery should be noted on the bill of lading, packing slip, and presented to the carrier making the delivery.
- Items that appear to be damaged should not be used.

Should any of the above issues occur, it is important that the requestor or his/her designee:

- Notify the supplier and Purchasing as soon as the discovery of damaged goods is made.
- Notify the supplier and Purchasing when the goods or services are discovered to be incorrect or in less than satisfactory condition.

If damage to or deficiency in the product is discovered after it has been used, the requestor or his/her designee should immediately notifying the supplier of the damage. In addition, any further use of the product should be halted until the issue has been resolved.

### **Damaged Goods**

In instances when goods purchased via a check request or invoice are received damaged or are determined to be in less than satisfactory condition, it is important that the requestor or his/her designee:

- Notify the supplier as soon as the discovery of damaged goods is made.
- Notify the supplier when the goods or services are discovered to be incorrect or in less than satisfactory condition.

If damage to or deficiency in the product is discovered after it has been used, the requestor or his/her designee should immediately notifying the supplier of the damage. In addition, any further use of the product should be halted until the issue has been resolved.

### **Purchasing File Maintenance**

As required by OMB Circular A-110, the Purchasing Office will retain supporting documentation for purchases. Documentation may include the purchase request, purchase order, invoice, quote, and bid analysis. For purchases exceeding the small threshold limit of \$25,000, the procurement file will include:

- The basis for the contractor selection.
- Justification for lack of competition when competitive bids are not obtained.
- The basis for award cost / price.

The Purchasing Office is responsible for creating and maintaining purchasing files. Files will consist of the original purchase request (PR), bids or sole source justification, quotes, the purchase order (PO), packing slip, and invoice.

On a regular basis, the Purchasing staff will:

- Match and compare invoices with purchase orders.
- Receive and file packing slips.
- Confirm receipt of items with requestors.
- Submit invoices and a copy of the PO to Accounts Payable.

- Gather equipment and property related information and supply the information to the Business Office.
- File other supporting purchase documentation.

**For questions relating to Purchasing policies or procedures, please contact Joyce Makoid, Purchasing Coordinator, via email or by phone at extension 3597**