

CLAFLIN UNIVERSITY

Division of Administration

Purchasing Office



PROCUREMENT OF GOODS AND SERVICES MANUAL

(Policy 700.01)

Responsible Administrator: Vice President for Administration

Responsible Office: Auxiliary Services

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Introduction

The purpose of this manual is to provide guidance on the purchase of goods and services at Claflin University. The University has adopted a centralized purchasing system, which requires that the acquisition of all goods and services be channeled through the Purchasing Department.

All persons who have been delegated the authority to commit University funds through the purchasing function must adhere to the processes contained in this manual. In addition, the University expects that any individual making purchases on behalf of the University will follow the principles referenced in this manual. It is Claflin's expectation that contracts will only be issued to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement.

The policies and procedures outlined in this manual are applicable to all units of Claflin University and any employee who procures goods and/or services on behalf of the University.

This manual rescinds all prior manuals regarding the procurement of goods and services. As such, this manual will remain effective until amended or replaced.

Alert for University Management

Only authorized purchases and authorized contracts will be honored by Claflin University. Unauthorized purchases and unauthorized contracts will not be honored by the University.

Authorized Purchases

Only the President, Provost and appropriate vice president are authorized to obligate Claflin University for indebtedness. Any individual making unauthorized purchases may encounter a personal obligation to the vendor. The University will assume no liability of payment for goods and/or services that were obtained without official approval.

In addition, only the University President (the Provost, in the absence of the President) or the Vice President of Fiscal Affairs, have the authority to bind the University to a contract. The University will assume no liability for payment of a contract which has not been authorized by the President (the Provost, in the absence of the President) or the Vice President of Fiscal Affairs.

Principles and Definitions

Bid	A request for competitive quotation or proposal from a qualified vendor for the purpose of issuing a Purchase Order and contract for the procurement of goods and services.
Competitive Proposals	Used for purchases over \$150,000. This procurement method requires formal solicitation, fixed price or cost-reimbursement contracts.
Contract	A written, legally binding agreement between Claflin University and an external supplier.
Goods	Tangible property for sale, lease, or rental.
Procurement Agent	An individual who is part of the procurement organization at Claflin University and who has been given transaction authority by the head of procurement to negotiate, authorize and execute purchases on behalf of the University.
Professional Services	An individual or entity engaged to perform services, commonly referred to as consultant, freelancer, contractor, etc.
Purchase Order	An official and binding document issued to a vendor authorizing the expenditure of fund for goods and services.
Service	An activity in which labor is the major factor and not merely incidental to the production, acquisition, and/or delivery of a good.
Spend	An act of using funds to purchase goods or services, or the funds spent by a unit through its procurement processes.
Unit	A department, program, research center, office or other operating unit.

Vendor	An individual or organization that provides specified and agreed upon goods and/or services to the University.
Organizational Conflict of Interest	Organizational Conflict of Interest occurs when due to relationships with a parent company, affiliate or subsidiary organization, the University is unable or appears to be unable to impartial in conducting a procurement action involving a related organization.
Ethical and Legal Considerations in Procurement	The University must comply with applicable laws regarding procurement in its operation. Individuals making purchases on behalf of Claflin University must adhere to specific practices in bidding, purchasing, and paying for goods and services with University funds. Claflin University expects that procurement be necessary and reasonable for the conduct of university and that procurements will avoid the acquisition of unnecessary or duplicative items.
Conflict of Interest	The University expects its faculty and staff to avoid any real or potential conflict when procuring goods or services on its behalf, i.e., purchase from an affiliate organization, spouse or another member of the immediate family. Buyers and sellers of a product or service must act independently and do not have any relationship to each other. No employee, officer, or agent may participate in the selection, award, or administration of a contract support by federal funds where a conflict real or apparent exists. Procurement with a conflict of interest is prohibited and subject to disciplinary action including possible termination. Officers, employees, and agents of the university entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. Nominal items valued under \$50.00 are not considered to be substantial and are excluded from this restriction.
Unauthorized Purchases	Only the President, Provost and appropriate vice president are authorized to obligate Claflin University for indebtedness. Any individual making unauthorized purchases may encounter a personal obligation to the vendor. The University will assume no liability for payment of goods or services that were obtained without official approval.
Unauthorized Contracts	In addition, only the University President (the Provost, in the absence of the President) or the Vice President of Fiscal Affairs, have the authority to bind the University to a contract. The University will assume no liability for payment of a contract which has not been authorized by the President (the Provost, in the absence of the President) or the Vice President of Fiscal Affairs.

Vendor Selection	The vendor selection process at Claflin University must identify the best, most qualified and/or suitable vendor to meet the needs of the University, while complying with all applicable laws and regulations. Vendor selection and approval are managed by the Purchasing Office. In most cases, vendors are preselected based on campus input, screening, and negotiations that have already been conducted, resulting in preferred supplier agreement. Where such agreements exist, units must procure goods and services from these preferred suppliers regardless of dollar amount or procurement method. In limited cases, an appropriate justification and an alternative method of selection may be specifically authorized by a procurement agent. Otherwise, where the purchase exceeds the formal bid amount, individuals must identify a vendor through competitive bidding.
Environmentally Preferred Procurement	Claflin University will be environmentally responsible by identifying sustainable products and services, processes, and procedures.
Supplier Diversity	Claflin University will promote the development of significant and mutually beneficial business relationships with diverse and local suppliers. It is Claflin's expectation that all procurements, when possible, take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps must include: (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists; (2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources; (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises; (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises; (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.
Relationship with Suppliers	Claflin University will maintain a high standard of business ethics and conduct when interacting with suppliers.

Payment Methods	Unless permission is given otherwise from the President (the Provost, in the absence of the President) or the Vice President of Fiscal Affairs, all requests for goods and/or services must have an approved Purchase Order from the Purchasing Office before an order is placed.
Reimbursement	Out-of-pocket reimbursement is designed for meals, travel, entertainment (generally hosted meals) and occasional, incidental expenses. All requests for reimbursements must be submitted to the Purchasing Office via the e-requisition system. Supporting documentation, such as receipts, may be attached to the e-requisition, see the “Best (Recommended) Practices” at the end of this manual. <i>(Please note that except for student travel, request for travel reimbursements are submitted to the Accounts Payable office via the online travel system. Request for student travel and other requests such as those for out-of-pocket expenses are submitted via e-requisition.)</i>
Contracts	The only individuals who are authorized to legally bind the University to a contract are the President (the Provost, in the absence of the President) or the Vice President of Fiscal Affairs.
Small Purchase Contracts	Contracts in excess of \$10,000 made using Federal funds, must address termination for cause and convenience, including the manner by which it will be effected and the basis for settlement.
Emergency Purchases	When an emergency situation occurs, an authorized procurement agent may make a commitment to a vendor without a formal Purchase Order. Emergency Procurements may be performed when a situation or condition occurs which creates a threat to public health, welfare, or safety such as may arise by reasons of floods, epidemics, riots, storms, equipment failures or fire loss. The existence of such conditions must create an immediate and serious need for supplies, services or construction that cannot be met through the normal procurement methods and would seriously threaten: 1 The function of the University; 2. The preservation or protection of property; or 3. The health or safety of any person.

Record Retention

The procurement office must maintain records sufficient to detail the history of procurement. These records should include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Records for real property and equipment must be retained for 8 years after purchase. If any litigation, claim, or audit is started before the expiration of the 8-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

Competition

All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- (1) Placing unreasonable requirements on firms in order for them to qualify to do business;
- (2) Requiring unnecessary experience and excessive bonding;
- (3) Noncompetitive pricing practices between firms or between affiliated companies;
- (4) Noncompetitive contracts to consultants that are on retainer contracts;
- (5) Organizational conflicts of interest;
- (6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- (7) Any arbitrary action in the procurement process.

Procurements must be conducted in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

All solicitations must include the following items:

- (1) Incorporate a clear and accurate description of the technical

requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

- (2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

All prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Procurement activities must not preclude potential bidders from qualifying during the solicitation period.

Time and Materials Contracts

Time and materials type contracts should only be considered after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to Claflin University is the sum of:

- (i) The actual cost of materials; and
- (ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. These contracts must involve a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

Applicable Credits

Applicable Credits must be credited to associated accounts as either a cost reduction or cash refund, as appropriate. Examples of such transactions are: purchase discounts, rebates, or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustment of overpayment or erroneous charges.

Procurement Procedures

Micro-purchase	Procurement method where the aggregate dollar amount is up to \$10,000. Solicitation not needed.
Small Purchases	Procurement method for purchases from \$10,000.01 to \$250,000.00. Price or rate quotes must be obtained from at least two (2) qualified vendors.
Sealed Bid	Procurement method used primarily for construction projects over \$250,000. Formal solicitation is required. Contracts awarded to the responsible firm who conformed to all material terms and is the lowest in price.
Noncompetitive Proposals (Sole Source)	Procurement method through solicitation of a proposal from only one source and may be used only when one or more of the following apply: 1. The item is available only from a single source, 2. Public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation, 3. Grant awarding agency has expressly authorized a noncompetitive process, or 4. after solicitation of at least two (2) sources, competition is deemed inadequate. Purchase amount is not considered.
Bidding Procedures	Departments should anticipate their needs far enough in advance to allow time to process the request. The Purchasing Office must be allowed time to solicit quotes from qualified vendors. The following are minimum time allowance: 1. Micro-purchases may be accomplished 3-5 business days without competition, if prices are determined to be "fair and reasonable", by the Purchasing Office. 2. Small Purchases require a minimum of 5-10 business days and two written quotes from at least two (2) qualified vendors. 3. Purchases exceeding \$150,000 will require a competitive proposal or sealed 45-60 day bid by the Purchasing Office. Cost or price analysis is required. Purchases using federal funds must be complied with Bonding Requirements as stated in 2 CFR 200.325 and 2 CFR 200 Appendix II. The splitting of orders to avoid minimum purchase levels result in audit issues and less than effective procurement activity. The splitting of orders to avoid the required quote/bid methodology is not permissible. If a department has a requirement at a certain dollar level, the appropriate actions

are required.

Requisitions

Any request(s) for goods and/or services must be made via requisition to the Purchasing Office. Vendors must be checked for suspension and debarment through Sam.gov. It is the practice of Claflin University to not contract vendors who have a history of poor performance or who have been identified as suspended or debarred by the Federal Government. The requisition must include the following:

- The requestor's name;
- The vendor's name;
- The account number from which funds should be taken (The account used must be applicable for the items being requested. For example, a travel account code should not be used to purchase office supplies);
- The approval track ID;
- The date the order is needed, if applicable;
- The quantity of items and /or services being requested;
- The cost of items and/or services; and
- A list of the items you wish to purchase providing sufficient information for correct identification (i.e., a manufacturer's name, model or catalog number, size, color, etc.).

Requisition for Printing Services

Print Shop 10 days before the job is required. If the materials cannot be produced in the Print Shop, the Print Shop manager will provide documentation for outsourcing the job. When a galley is required, it is the responsibility of the using department to correct and approve the proof. Excessive delay in approving the proof will delay the delivery schedule of the finished product:

- Prepare the copy and arrange it as near as possible to what is wanted in the finished project.
- It is the responsibility of the using department to select paper stock, ink color, type style, format and other requirements to produce a finished product.

Sole Source

For Sole Source purchases, a sole source justification form, must be completed and attached to the requisition. The justification form must have all required signatures, prior to completing a requisition.

Professional Services

Professional services involve those provided by an individual or entity who commonly engages in consulting, freelancing, contracting, etc.

Individuals must use the University's Professional Services Form when requesting these services. Before services begin, the form must be signed by the appropriate Vice President, the Vice President of Fiscal Affairs and the President. *(Additional signatures may be required when spending federal funds.)* In addition, if applicable, a contract must be signed by the individual(s) providing the service, and the University President (the Provost, in the absence of the President) or the Vice President of Fiscal Affairs. This must be accompanied by supporting documentation from the vendor, such as, a contract, quote, invoice or email from the vendor accepting the engagement and detailing the terms.

Stationery Printing

All stationery used in the University's standardized format is reproduced by the Print Shop. Assuming that all supporting documentation has been received by the Purchasing Office, upon review of the e-requisition by the Purchasing Office, it is converted into a Purchase Order and sent to the vendor for procurement of goods and/or services. Upon approval of the requisition a Purchase Order is typically obtained in three to five days.

Open Purchase Order

An open purchase order is an agreement whose purpose is to make the acquisition of small-dollar-value products more convenient for users. It allows use of a single order number for an entire period (usually 6-months or 12-months) and selected users to deal directly with a supplier. This type of agreement is usually made between the vendor and the authorized procurement agent to cover products whose needs are immediate and whose use is sporadic and unpredictable. The supplier will be instructed according to the following:

- Only a limited number of employees are authorized to purchase under the open purchase order. The supplier is responsible for verifying the identities of those who can purchase under the open purchase order.
- **Under no circumstance is the value of the open purchase order to be spread over more than the given period of time**
- A pricing agreement must be negotiated with each supplier for whom an open purchase order is issued

The formal Purchase Order information: issued to the local supplier should contain the following:

1. The time period (beginning and ending date);
2. Items or categories of items to be covered;
3. Prices and/or pricing agreement(s);
4. Terms of sale;
5. Individuals who are authorized to place an order against the Purchase Order; and

6. The dollar amount that is not to be exceeded under the open purchase order.

Change Order

Any adjustment, requested by a user department or vendor, to a Purchase Order after it has been sent to the vendor are made by the use of a "Change Order". Adjustments may be necessary due to:

1. Change in quantity.
2. Price increase of commodities.
3. Any other changes to a Purchase Order.

Absolutely no exchange or credit to orders should or will be made without the approval of the Purchasing Office. Only after approval by the Office, will a "revised" purchase order be sent to the vendor.

IT Planning and Purchasing

When divisions and/or departments are considering adding or enhancing technology to improve operations, the first step is to consult with the Department of Information Technology Services which should be involved in the initial planning process. This is to ensure, at a minimum, compatibility of the proposed technology with existing systems and equipment and the cost effectiveness of the proposed additions. The planning process should be documented through minutes of meetings and other communication, as appropriate. The next step is the initiation of the purchasing process which includes the Department of Information Technology in the approval track to ensure adherence to decisions related to the purchase.

Inspection of Merchandise

Merchandise received should be inspected immediately by the user department upon receipt of shipment.

- When an order is incomplete, damaged, incorrect or inoperative, the pertinent information should be reported in writing to the Purchasing Office.
- All returned goods are to be authorized by the Purchasing Office. • When the merchandise is received, the receiving report must be signed by the customer at the time of delivery. Shipping and Receiving will then forward all receiving reports to Accounts Payable.

Central Shipping

All commodities purchased by Claflin University should be delivered to the Central Receiving Department. Some items that require installation are delivered to the user's department. However, prior notification will be necessary. Any damage of goods must be reported to the Purchasing Office immediately. The user department must inspect and sign the receiving report at the time of delivery.

Surplus Property and Disposition Procedures

Reporting Surplus Property

University departments should periodically review their inventory levels of equipment and other tangible assets to determine whether excess stock is on hand. In the event such conditions exist, user departments shall write a memorandum to the Director of Auxiliary Services specifying the items which are no longer in use. The Director of Auxiliary Services should consult with applicable University personnel to determine other factors which should be considered in designating items for surplus property. Prior to the disposition of surplus property acquired with federal funds, the Director must consult with Sponsored Programs regarding disposition obligations under 2 CFR 200 and individual award terms and conditions.

- The Vice President of Administration and the Vice President of Fiscal Affairs should consult and agree upon the items to be designated as surplus property.
- Upon direction from the Vice President of Administration, the Director of Auxiliary Services shall be responsible for the disposition of all surplus property for Claflin University.
- The Director of Auxiliary Services shall dispose of University property in the best interest of Claflin University and wherever practical disposition shall be made in private sales.
- Subject to the approval of the Vice President of Administration, the Director of Auxiliary Services shall determine the manner of disposition of all property, transfer to other departments, sales to third parties, (e.g , trade ins.).

Transfer to Other Departments

If surplus items are still operable and not obsolete, they should be transferred to other departments who need them. To accomplish this, the Purchasing Office will periodically circulate to all departments a listing of surplus property. Should a department have a need for any of the items listed; the Purchasing Office will arrange a property transfer to the requesting department.

Trade-ins

If a user department needs to purchase an item to replace obsolete equipment and the surplus property cannot be used by another department; the Purchasing Office will explore the possibility of a trade-in, where it deems appropriate. If trade-ins are accepted on a particular equipment item, which the user department desires to replace, the bid solicitation or evidence of other procurement due diligence will require prices with and without trade-ins and indicate that an award may be made on either basis. In doing so, the best trade-in offers can be evaluated against the expected sale price for the obsolete item.

Sales to Outside Parties

If neither a transfer nor a trade-in is feasible, the Director of Auxiliary Services will determine if it should sell the property by private sale or by newspaper advertisement.

Best (Recommended) Practices

The practices detailed below have consistently proven to be efficient in purchasing at Claflin University. As such, when possible, these practices are recommended.

1. If you use recurring vendors (i.e., Claflin University, Motor Pool, Sodexo Food Services, LeBleu, etc.), you may wish to use an open purchase order for those vendors. By requesting an open PO, you are encumbering the funds for the entire fiscal year and as invoices are received, they are sent directly to Accounts Payable without requiring you to submit another requisition. This process will reduce the number of requisitions that you need to submit, as well as help you to better monitor your budget.
2. If you need to attach documentation to an e-requisition, you may wish to use the attachment feature in Jenzabar. This feature allows you to attach supporting documentation directly to the e-requisition. The process results in reduced processing time, and reduced printing and paper costs.