RUTGERS
THE STATE UNIVERSITY OF NEW JERSEY

UNIVERSITY POLICY

Policy Name:	Purchasing Policy				
Section #:	20.1.11	**Section Title:**	Administrative Policies, Procedures, and Services	**Formerly Book:**	6.5.1
Approval Authority:	Senior Vice President for Finance and Treasurer	**Adopted:**	1/1981	**Reviewed:**	3/13/2015
Responsible Executive:	Senior Vice President for Finance and Treasurer	**Revised:**	1/1988; 6/1988; 12/22/2006; 12/05/2011; 01/13/2012; 02/14/2012; 3/27/2012; 7/1/2013; 7/2/13 (document edits); 10/03/2013; 2/19/2014 (Updated department name); 3/13/2015		
Responsible Office:	University Procurement Services	**Contact:**	Natalie.horowitz@rutgers.edu or 848-932-4375		

1. **Policy Statement**
The purchase of goods and services for Rutgers, The State University of New Jersey, will be conducted in a manner that provides, to the maximum extent possible, competition and adherence to its procurement practices.

2. **Reason for Policy**
To assure that university purchases are made in accordance with applicable Federal, State and local laws, regulations, codes, and ordinances;
    - To obtain the best value for the university;
    - To ensure fair and ethical business practices
    - To assure the appropriate stewardship of university resources; and
    - To provide employees and suppliers with the requirements for purchasing at Rutgers

3. **Who Should Read this Policy**
Members of the university community who are authorized to use university funds for the purchase or lease of goods, equipment, and/or services

4. **Resources**
Policies are available at the University Policy Library web site: http://policies.rutgers.edu

    Policy 20.1.16, Policy on Notification and Approval of Certain Contracts Awarded without Competitive Bids or Proposals
    Policy 20.1.17, Engagement and Payment of Professional Service Provider Policy
    Policy 40.4.1, Travel, Travel Incidentals, and Meal Expense Policy
    Policy 50.3.13, Signatory Authority Policy
    Policy 80.1.3, Purchase of External Advertising
    Policy 80.1.5, University Visual Identity
    Policy 80.1.2, Trademark Licensing Policy

    Rutgers Code of Ethics:
    50.1.12, Conflict of Interest for Members of the BOG & BOT and University Officers
    60.1.1, Employment of Relatives

60.4.2, Code of Ethics for Administrative and Professional Staff Members
60.5.9, Faculty or Staff Involvement with Commercial Enterprise

Rutgers Integrated Administrative System Procure to Pay Process (RIAS): Internet Procurement Application User Manual (rias.rutgers.edu)
SciQuest - Marketplace for RBHS users

5. Definitions

Informal Quotes: Multiple quotations via fax, letter, or email, on supplier letterhead or clearly identified as being sent from supplier.

Preferred Supplier Contracts: Preferred Supplier Contracts are established by University Procurement Services for the purchase of goods or services, which are either competitively bid or negotiated with suppliers that meet the requirements for sole/single source procurement. These agreements may include State contracts, GSA and other federal supply contracts, and group and cooperative purchasing agreements that the university may utilize. When making a purchase for goods and services contracted with a Preferred Supplier, departments are strongly encouraged to obtain at least three (3) quotes, but do not have to obtain the additional quotations.

Procurement Contract: A legal document agreed to by Rutgers and a supplier on the pricing and terms of a sales transaction or a series of sales transactions.

Purchase Order: A Rutgers purchase order is a legal document containing a description of the good or service requested, and terms and conditions of the transaction including, but not limited to, payment and delivery terms, for the purchase or lease of goods and services.

Quick Order: Quick Order is a type of purchase order, of $5,000 or less, that does not require the review of University Procurement Services and may be sent directly to the supplier by the department, once department approvals are complete. Quick Orders may only be used to purchase goods. Services cannot be purchased through a Quick Order. A Quick Order cannot be modified by a change order.

Request for Proposal (RFP): A competitive bid solicitation, generated by University Procurement Services, used when the requester wants multiple suppliers to describe how they would address a defined project or task, provide a particular commodity or identify, classify and describe the commodity or service that would be provided. Price is usually not the single determining factor in evaluating RFPs.

Request for Quotation (RFQ): A competitive bid solicitation generated by University Procurement Services used when price is the single factor used to select the best source of supply.

Request for Information (RFI): A method for soliciting information from suppliers generated by University Procurement Services and normally used to obtain general information about products, services or suppliers. It is also used when a large or complicated purchase is being considered and the potential pool of suppliers must be pre-qualified. In this case, the RFI is a questionnaire or inquiry into the suppliers' background and used to determine if the supplier meets the minimum standards needed to successfully bid on the project.

Sole Source: Only one supplier is capable of providing a good or service and it is therefore not possible to obtain competitive bids.

Single Source: Multiple sources of supply are available but, for specific reasons, as outlined in Section IV B below, the good or service should be purchased from a specified supplier.

Unauthorized Purchase: Any purchase by a Rutgers employee, using Rutgers funds, that violates this policy and any related policies and procedures.

6. **The Policy**

PROCUREMENT AUTHORITY AND SIGNING AUTHORITY

The Rutgers University Board of Governors delegates authority for the procurement of goods and services to the President and Senior Vice President for Finance and Treasurer. The Senior Vice President for Finance and Treasurer designates University Procurement Services as the central purchasing authority for Rutgers, responsible for managing the purchasing process and ensuring compliance with policies and procedures university-wide.

The Executive Director of University Procurement Services, or his or her designee(s,) is authorized to approve purchase orders. To meet local campus needs, the Director of Purchasing for Rutgers-Newark has delegated authority to approve purchase orders up to $250,000.

The Senior Vice President for Finance and Treasurer delegates signature authority for all Procurement Contracts to the Executive Director of University Procurement Services. Procurement Contracts that exceed $500,000 must be executed by both the Executive Director of University Procurement Services and either the President, Senior Vice President for Finance and Treasurer, the Senior Vice President for Academic Affairs, or the Senior Vice President for Administration. Departments are not authorized to sign Procurement Contracts. All Procurement Contracts must be sent to University Procurement Services for review and signature.

The Senior Vice President for Finance and Treasurer and the Vice President for Finance and Associate Treasurer, or his or her designee(s) are the only authorized signatories for leases for goods and services for any dollar amount.

ROLES AND RESPONSIBILITIES

A. **University Procurement Services Responsibilities**

- Ensuring and enforcing compliance with all purchasing policies and procedures;
- Approving all Requests for Sole/Single Source and rejecting those that do not meet the sole/single source criteria;
- Negotiating, executing and managing all Procurement Contracts;
- Monitoring all purchases and leases of equipment, goods and services;
- Rejecting any Requisition for any item that is in violation of Rutgers policies; and
- Managing the competitive bid process

B. **Department Responsibilities**

All university departments and employees are required to comply fully with the policies and established procedures related to the procurement of goods and services. Departments are responsible for the following when purchasing goods and services:

- Ensuring that individuals making purchasing decisions are knowledgeable of, and comply with, the university purchasing and related policies and procedures;

- Ensuring that all purchases made with university funds are appropriate, necessary, reasonable and directly related to the goals and mission of the university. Under no circumstances may university financial resources be used for personal expenditures;

- Using the appropriate procurement system and mechanism for all purchases of goods and services. University employees are not to purchase goods and services nor commit Rutgers University to the purchase of goods and services without processing the procurement request through University Procurement Services. Procurements that bypass University Procurement Services may expose Rutgers and the requesting department, school or unit to unnecessary liability and legal costs. Procurements, unless specifically exempted, that bypass University

Purchasing Services will not be processed by University Procurement Services unless good cause is demonstrated. University employees who make an unauthorized purchase may have their purchasing responsibilities suspended or revoked, may face additional disciplinary action, and may be held personally liable for any charges incurred.

C. **Limited Delegation of Purchasing Authority**

Limited purchasing authority is delegated to the following departments, divisions or units of the university because of their unique purchasing requirements:

- University departments for purchases up to $5,000 in accordance with section III.B (Quick Orders) below
- Dining Services for food used in the dining operations
- Division of Intercollegiate Athletics-New Brunswick for last minute/emergency hotel, motel, food and beverage, and car rental for team related activities
- Zimmerli Art Museum for art collections and exhibitions
- Office of University Facilities and Capital Planning for major renovation projects of $2M or more, new construction, selection of architects, and real estate purchases
- Office of the Senior Vice President and General Counsel for legal services
- Study Abroad program only for goods and services required during programs conducted in foreign countries
- University Libraries for books, periodicals, media and other library materials
- University Relations for printed matter
- Office of Research and Sponsored Programs for sub-awards

These departments shall undertake their purchasing activities in accordance with the established procedures approved by the Executive Director of Procurement Services

THE PURCHASING PROCESS

A. **Competitive Bidding**
Purchasing will be conducted in a manner that provides, to the maximum extent possible, competition and adherence to competitive procurement practices. The university, at its sole discretion, may use one of a variety of methods of soliciting information and pricing from a supplier to promote a competitive procurement environment. These may include Informal Quotes, Requests for Proposals or Requests for Information.

Rutgers' commitment to the competitive purchasing process is as follows:

For goods and services $50,000 and above: University Procurement Services will seek formal competition between multiple suppliers. Departments must contact University Procurement Services to initiate this process.

For goods and services between $5,001 and $49,999: University Procurement Services or a department will obtain at least three quotes in writing from competitive firms. When obtaining quotes, the departments must supply the vendors with the same requirements and specifications and obtain the required quotes within the same time period. (i.e. –within the same month.)

For goods below $5,000: Departments may generally obtain a quote and purchase directly from a supplier.

B. **Request for Sole/Single Source Procurement**
There are circumstances when the competitive procurement may not be possible and a request for sole/single source procurement may be made. Below are the justifications for a sole/single source procurement:

Sole Source Procurements:

- Goods or services can only be provided by one supplier.
- Technical services to assemble, install or service equipment provided there is not more than one service provider and the work by the provider does not impact any warranty on the equipment.
- Repair or maintenance provided by the manufacturer or the authorized dealer/provider unless there is more than one service provider available to provide the service and there is no impact on any warranty.
- Technical services for installing, servicing, supporting, upgrading proprietary software or hardware.
- Upgrade for proprietary software or hardware use of supplier required by contract, grant or governmental unit.
- Change order requests not covered under existing contract where current supplier is best positioned based on skill, knowledge, familiarity with the project and cost savings to provide the extra work. The cost of such extra work shall not exceed 20 % of the present contract amount.

Single Source Procurements

- Favorable Terms: Goods or services can be obtained at the lowest price through a primary source of supply. Depending on the circumstances, it could be manufacturer and/or authorized distributor of the goods-this provision is a variation of sole source. There is one product but options on supply. For example Oracle licenses. You can buy from Oracle or one of its distributors.

- Purchase of used or demonstration equipment at cost lower than new equipment.

- Standardization: Equipment must be compatible with existing equipment. Standardizing on equipment is necessary to assure interchangeability of parts. Department has already standardized its practices and work processes around a brand of equipment. Staff has already been trained on the equipment and is familiar with its operation. Going with another brand of equipment would severely disrupt/interrupt work processes and practices and would require significant training cost and time for staff to become familiar and knowledgeable with working with new equipment. Research has progressed with the use of a particular brand or type of reagent, assay or equipment and significant time and cost has been invested in the research-that is the research project is substantially started. Change out would impact research results to date causing research to begin anew.

- Public Exigency: Life, safety or health of the public must be sustained through the immediate delivery of products or performance of services. Procurement is limited to the duration to address/remedy the exigency. A critical agency mandate, statutory or operational requirement must be fulfilled immediately. The Executive Director may authorize the commencement of work by the supplier to address/remedy the exigency. In such cases, Purchasing Services will notify the supplier to begin work with the understanding that the supplier cannot be paid until the sole/single source package has been reviewed and approved and a purchase order has been issued to the supplier.

- Pilot project, trial or experiment: Department wishes to test or experiment with new equipment or service. Requires execution of a product/service trial agreement before start of trial, pilot project or experiment.

- Lease of space, machinery, equipment, buildings or real property as required to conduct the business of the university.

- Contract with public entity or governmental unit: Department must set forth the reason(s) for contracting with public entity or governmental unit

- Administrative extension of current contract: Application to extend a contract must be made at least forty-five (45) days before contract expiration. Department must present reasons(s) for extension including the inability to rebid before the contract expiration, and plan and timeline for rebid of the contract. Administrative extensions are only granted for a period of one (1) year or less. Administrative extensions are only granted by the Executive Director of University Procurement Services. Requests filed less than 45 days before the expiration of the contract may be rejected by the Executive Director. The requesting department will have to demonstrate unique circumstances and/or facts to justify the late filing.

- Failed bid: Competitive bids were solicited and no responsive bid was received or only a single responsive bid was received and rejected for budgetary reasons. This request may only be filed by Purchasing Services

- Professional and Technical Services: The procurement of professional and technical services should be conducted through a competitive bid process unless the requesting department, school or unit can demonstrate that such services, due to unique or special circumstances, can't be procured through a competitive bid process.

A request for sole/single source procurement" will be considered in limited circumstances and when the Department has demonstrated appropriate justification. Requests must be submitted pursuant to the Request for Sole/Single Source Procurement Procedures.

For purchases valued at $1 million dollars or more, the contract and completed Request for Sole/Single Source Procurement form must be reviewed and approved by the Board of Governors in accordance with Policy 20.1.16, Policy on Notification and Approval of Certain Contracts Awarded without Competitive Bids or Proposals.

C. **Preferred Supplier Contracts**
Preferred Supplier Contracts are established by University Procurement Services for the purchase of goods or services, which are either competitively bid or negotiated with suppliers that meet the requirements for sole/single source procurement. These agreements may include State contracts, GSA or other federal supply contracts, group and cooperative purchasing agreements that the university may utilize. When making a purchase for goods and services, departments should use Preferred Supplier Contracts as their first choice. Departments are strongly encouraged to obtain at least three (3) quotes, but do not have to obtain additional quotations or employ the competitive bid process when a Preferred Supplier Contract is utilized.

D. **Unauthorized Purchases**
University employees who make an unauthorized purchase may have their purchasing responsibilities suspended or revoked, may face additional disciplinary action, and may be held personally liable for any charges incurred.

PURCHASING MECHANISMS
University departments may use several mechanisms to facilitate the purchase of goods and services. Departments must determine which of the following mechanisms must be utilized for their desired purchase:

A. **Purchase Orders**
A purchase order **<u>must be issued prior</u>** to the goods being shipped or services being rendered and is initiated by a department with a requisition and processed by University Procurement Services.

Purchase Orders are used for items prohibited on a Quick Order, items not available through the Exchange or with an Internal Supplier, and for purchases in value of $5,001 or more.

Rutgers requires that certain purchases must be made by, or in consultation with, the departments listed below. Departments must contact the appropriate department listed below to coordinate their purchase:
- Advertising (Contact University Relations)
- Alterations, repairs and renovation services (Contact University Facilities)
- Asbestos abatement services (Contact Rutgers Environmental Health and Safety or REHS)
- Biological agents (Contact REHS)

- Controlled substances (Contact REHS)
- Firearms and ammunition (Contact Public Safety)
- Fundraising (Contact the Rutgers University Foundation)
- Hazardous waste disposal (Contact REHS)
- Imported Items (Contact University Procurement Services)
- Inspection or service of fire suppression systems (Contact Public Safety)
- Investment advisors and other financial consultants (Contact Treasury Operations)
- Insurance (Contact the Department of Risk Management)
- Legal services (Contact the Office of the Senior Vice President and General Counsel)
- Lobbyist services (Contact the Office of the Senior Vice President for External Affairs)
- Particularly hazardous chemical substances (Contact REHS)
- Radioactive materials (Contact REHS)
- Real Estate Leases (Contact the Office of Real Estate)
- Select agents and toxins (Contact REHS)
- Signage affixed to university property (Contact University Facilities)
- University "branded" communications, printed matter, electronic media, and other materials and merchandise (Contact University Relations)

B. **Quick Orders**

The university authorizes departments to make purchases up to $5,000 for most goods through the use of a Quick Order. Departments must obtain maximum value for each purchase and comply with the university's ethical standards when obtaining price quotations. Departments must also maintain all documentation related to quick order transactions including the supplier quote or additional quotes obtained during the process. A Quick Order cannot be modified through a change order.

Departments **cannot** split a single purchase costing $5,001 or more into a series of smaller individual purchases to bypass the Quick Order threshold.

Quick orders cannot be used to purchase the following:

- Animals
- Biological agents
- Blanket Orders
- Controlled substances
- Equipment requiring utilities hook-up
- Furniture, carpeting, and window treatments
- Hazardous waste disposal
- Imported equipment requiring customs clearance
- Leases
- Legal Services
- Lobbyists
- Plaques to be affixed on buildings or university-owned property and monuments
- Prepayments
- Professional services
- Radioactive materials
- Select agents and toxins

C. **Exchange Orders/Marketplace Orders**

An exchange order is a type of purchase order that is used within the RU Oracle Exchange market place with a Preferred Supplier. A Marketplace order is the same type of purchase order located in the SciQuest system. The department is able to shop an on-line catalog of products and check-out with a purchase order that is sent directly to the supplier, after the appropriate department approvals.

D. **Internal Purchase Orders**

An internal purchase order is used to procure goods and services from an internal university service unit (e.g., Dining Services, Facilities Maintenance Services, Continuing Studies Conference, and Material Services) within RIAS. A complete list of active internal suppliers is available at http://www.rci.rutgers.edu/~rias/IPOSuppliers.htm. Departments must contact the internal department directly to determine the required type of requisition.

E. **Travel and Business Expenses (TABERS)**
The university will reimburse individuals for reasonable, necessary, appropriate, and approved travel and business expenses incurred in the performance of university business in accordance with university policy 40.4.1, Travel, Travel Incidentals, and Meal Expense Policy.

F. **Check Requests**
A Check Request is generated through RIAS by a university department and is an official request to University Accounting to process and issue payment to a supplier. It is used to initiate payment for goods or services that do not require a university purchase order. Check Requests must be accompanied by supporting documentation and an explanation of all charges. For a current list of the types of payments allowed to be processed on a Check Request see: http://ua.rutgers.edu/accounts-payable/non-purchase-order-invoice-processing. Under the check request section, click on the PDF link when to use a check request.

CONFLICT OF INTEREST AND ETHICS
All individuals shall act in accordance with the standards of professional ethics set forth in university policies and procedures, including those outlined below.

A. **Use of Companies Owned by Rutgers Employees**
The university will not buy goods or services from suppliers that are wholly or partially owned by university employees or their immediate family members (excluding minimal equity/interests, such as stock holdings of 10% or less), unless selected through a competitively bid process managed by University Procurement Services and the supplier is not providing services to the family members department. The Senior Vice President for Finance and Treasurer must approve all such purchases.

B. **Prohibition on Gifts and Gratuities**
Employees shall not accept or solicit any fees, duties, gifts or favors, business meals, or anything else of value from any current or prospective supplier.

C. **Personal Purchases**
University funds must not be used for personal purchases for university faculty, staff or students at any time. Similarly, a department may not place an order for an individual employee or student and then have those individuals reimburse the department.

CONTRACT MANAGEMENT
University Procurement Services is responsible for management of all Procurement Contracts. University Procurement Services will work collaboratively with the Requesting Department to develop a contract scope of work that aligns with the Requesting Department's objectives and provides suppliers with a clear understanding of Rutgers contracting requirements.

SUPPLIER DIVERSITY PROGRAM
Rutgers is committed to the outreach, development, and inclusion of small, minority and women-owned businesses (M/WBE) in the procurement process. Departments are expected to support this policy in accordance with established guidelines and procedures.

SUSTAINABLE ("GREEN") PURCHASING
Rutgers is committed to the use and purchase of environmentally and socially responsible materials and products. Departments are expected to support this policy in accordance with established guidelines and procedures.

OPEN PUBLIC RECORDS ACT AND COMPLIANCE WITH STATE CONTROLLER REPORTING REQUIREMENTS
Rutgers is committed to working with the State of New Jersey to promote a transparent process. Rutgers procurement is subject to the Open Public Records Act. In addition, Rutgers complies with N.J.S.A.

52:15C-10 in reporting competitive bids of $10 million or more and contracts of $2 million or more to the Office of the State Comptroller.

INSURANCES AND TAXES

A. **Insurance**
Rutgers requires that all suppliers who conduct operations on university premises provide evidence of having appropriate insurance coverage in the form of a valid Certificate of Insurance as determined by University Procurement Services and/or the Department of Risk Management and Insurance.

B. **Taxes**
University purchases are exempt from the payment of New Jersey sales and use tax. Several other states also allow this exemption. A list of those states is available at http://uco.rutgers.edu/sites/uco/files/Sales%20Tax%20Exemption%20Status%20by%20State%20-%202%20-%202014%2009-29.pdf.

AUDITS
All university purchasing transactions, including Quick Orders, as well as all supporting documentation (e.g., Requests for Sole/Single Source Procurement, contracts, agreements, memos, letters, notes, etc.) are subject to audit from internal and external auditors and regulating agencies for compliance with university policies and regulations.

Rutgers has delayed the implementation of the Uniform Guidance Procurement Standards until July 1, 2016 as provided by the waiver of the procurement rules stated in COFAR FAQ, Section 110-6, released November 26, 2014. In the interim, the OMB Circulars will apply to purchases made with grant funding