

PURCHASING & ACCOUNTS PAYABLE

Policies and Procedures

I. INTRODUCTION

A. AUTHORITY FOR PROCUREMENT

The function of the Marywood University (the “University”) Fiscal Services Office is to organize and administer procurement for all departments of the University in accordance with responsibility and authority established by the University. The purpose of this document is to establish uniform operating processes for the procurement of funded supplies, equipment, and services. The policies and procedures outlined herein apply to all departments, administrative and academic, across the University. Administrators and department managers are responsible for implementation of, and adherence to these guidelines within their department or area of responsibility.

B. RESPONSIBILITY AND OBJECTIVES

The Fiscal Services Office exists to serve all University departments in the procurement of all material, supplies, equipment, and contracted services necessary to support the operations of each department and the mission of the University. Our goal is to obtain these goods and services as economically as possible within accepted standards of quality and service with delivery at such places and times as are required by the departments in the best interests of the University and in compliance with all applicable governmental regulations and laws.

The primary objective is to obtain all supplies, equipment, and services at the lowest cost to the University consistent with quantity, quality, and availability of the items at the time of the purchase. In conforming to this policy, the cost of the purchase and the delivery time required by the ordering department will be considered.

C. CODE OF ETHICS

The University’s Fiscal Services Office adheres to the tenets of the National Association of Educational Buyers Code of Ethics as adopted in 1985, which facilitates the development, exchange, and practice of effective and ethical procurement principles and techniques within higher education and associated communities, through continuing education, networking, public information and advocacy. Those standards are as follows:

National Association of Educational Buyers (NAEB) 1985

- Give first consideration to the objectives and policies of my institution.
- Strive to obtain maximum value for each dollar of expenditure.
- Decline personal gifts or gratuities.

- Grant all competitive suppliers' equal consideration insofar as state or federal statute and institutional policy permit.
- Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
- Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement or a sample of the product.
- Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.
- 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.
- Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
- Cooperate with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods.
- Foster fair, ethical and legal trade practices.
- Counsel and cooperate with NAEB members and promote a spirit of unity and a keen interest in professional growth among them.

D. AUTHORIZATION TO PURCHASE

In accordance with the authority delegated to the Fiscal Services Office by the University, all purchases, irrespective of the sources of funding, are governed by the policies outlined in this document.

No individual or department has the authority to place purchase orders without encumbering, in advance, sufficient budgetary funds to meet the purchase obligation unless specifically authorized to do so by the University. This applies to all requisitions regardless of the source of funding. Any purchase not processed through the Fiscal Services Office, exclusive of purchasing card transactions and check requests, both of which are discussed later in this document, are considered unauthorized. Authorized purchase orders can only be issued by the Fiscal Services Office. The University will not purchase, with its own funds, any supplies or equipment for the personal use of employees nor will arrangements be made by the Fiscal Services Office to create any buyer-seller arrangements between employees and University vendors. Vendors however, may, at their own discretion, extend discounts and/or contract pricing to employees on personal purchases.

Please remember that the Purchasing function at the University is a cooperative undertaking between the Fiscal Services Office, the vendor and the user department. In most cases, department heads suggest a vendor when a purchase requisition is submitted to the Fiscal Services Office. It is presumed that the suggested vendor is selected by a department head after he/she has contacted several vendors and has reviewed the established purchasing criteria, namely, price, quality, service, shipping costs, availability, the lease/buy option if applicable, necessity, and other considerations that may be appropriate. In some cases, written documentation of bids, price comparisons, number and names of vendors contacted, etc., may be required with a purchase requisition, though in most cases this documentation can remain in departmental files.

An unauthorized purchase transaction or order is one that is made without the proper authorization of the Fiscal Services Office. An unauthorized purchase may be evidenced by a purchase requisition that is sent in for approval to the Fiscal Services Office after the goods are already purchased or ordered, or it may be evidenced only by an invoice from the vendor or by a check requisition for payment of charges. *Any individual who makes an unauthorized purchase has incurred a personal obligation and is personally responsible for the payment of the charges incurred.*

The proper procedure to purchase or obtain any supplies, equipment, or services not otherwise delegated, is to submit a standard Purchase Requisition Form. For quick and efficient processing, the requisition must be filled out properly including pertinent information such as the suggested vendor—including an address, zip code, and phone number; where the goods are to be delivered—including department, building, and room number; along with the date by which the items are needed. Also included should be a complete and accurate description of the item(s)—including product or catalog numbers and quantity, the correct unit price, extended amount, and the budget number, along with the proper object point classification number. *Make sure the person authorized to sign off on the appointed budget signs the requisition.* Purchases over \$10k need to be approved by the Dean or VP, over \$25k need to be approved by the AVP of Finance and Administration and purchases over \$50k need to be approved by the VP of Finance and Administration. Please ensure that the proper approvals are completed before the purchase requisition is submitted to be processed.

Check Requisitions are to be used *only* for subscriptions, membership renewals, and a limited number of special purchase situations authorized by the Accounts Payable Coordinator or Fiscal Services Office prior to the purchase being made. Proper back-up documentation, i.e. renewal forms, applications or invoices, should be attached to the check requisition. Any check requisition without proper back up attached could delay the processing.

PURCHASES MADE BY INDIVIDUALS AND SUBMITTED TO THE PURCHASING OR ACCOUNTS PAYABLE OFFICE WITHOUT PRIOR APPROVAL WITH A CHECK REQUISITION WILL NOT BE HONORED FOR PAYMENT.

II. GENERAL PURCHASING POLICIES

ALL PURCHASES OF SUPPLIES, EQUIPMENT, AND CONTRACT SERVICES

THAT ARE TO BE CHARGED TO UNIVERSITY DEPARTMENTS OR FUNDS CONTROLLED BY THE UNIVERSITY MUST BE MADE THROUGH THE FISCAL SERVICES OFFICE. LIMITED EXCEPTIONS TO THIS POLICY ARE NOTED BELOW.

For definition purposes, purchases, purchase transactions and procurement transactions include the award and administration of contracts, agreements and subcontracts for the purchase, lease or otherwise acquiring of goods and services. The ordinary award or purchase document is the official Marywood University Purchase Order, but other contract forms approved by the Vice President for Finance and Administration may also be used when necessary.

The policies and procedures that follow apply to all such transactions supported by all funds controlled by the University including federal, state, and other grant and contract funds. They incorporate long-standing procedures and practices of the University and also special requirements and regulations mandated by various agencies from which the University secures funds for special programs.

A. Special Procurement Services and Unauthorized Purchases

The following is a list of items which cannot be purchased with University funds or which have restrictions attached to their purchase. This list should not be considered all inclusive, and good judgment should dictate prudent use of University funds.

1. **Gifts, cards, flowers, plaques or monetary awards to individuals-** Gifts and remembrances to honor employees or external friends of the University are charged to budgets administered by the President of the University and the Director of Human Resources. In special circumstances, a gifts line item is approved for a departmental budget. Exceptions to this policy must be approved by Fiscal Services before purchasing the item(s).
2. **Seasonal decorations-** Decorations for holidays for use in departmental offices, may not be charged to department budgets. Such decorations are purchased by the Operations Department or Conference and Events only.
3. **Personal use items-** such as brief cases, desk pen sets, coffee pots, and food items such as candy or snacks for the department, may not be purchased from departmental budgets. Also, University personnel with purchasing authority may not purchase items for individuals for their personal use or negotiate special discounts for University employees.
4. **Subscriptions-** Only professional subscriptions related to a particular function of a department can be charged to University budgets. Subscriptions must be in the name of Marywood University, c/o the department. Personal subscriptions to magazines, newspapers, etc. are not allowed. Departments are to avoid duplicate subscriptions of the same publication.

5. **Memberships**- The only memberships subsidized by the University should be registered in the University's name, c/o the individual involved. The cost of individual memberships in professional organizations is the responsibility of the individual. However, professional memberships related to their work at the University are paid for the Sisters of the IHM with funds provided by the congregation. These funds are not to be included in a department budget.
6. **Computing Equipment/Software**- The Director of OIT must approve all computer technology purchases. Academic departments that wish to purchase inkjet printers, digital, video and still cameras, or video editing equipment and other audio and video components, should consult the **University Asset Management Policy** and complete a **Technology Purchase Request Form** prior to purchase.
7. **Equipment**- Any equipment which has an impact on utility services or that requires physical plant alterations must be approved by the Physical Plant Department. All purchases over \$5,000 must receive special approval by the Physical Plant Department. See the University's **Capitalization Policy** for more information.
8. **Chemical Purchases**- Special approval is required for all purchases of chemicals. Federal and State environmental regulations provide guidelines for the handling and storage of chemicals on campus. The University is required to follow these guidelines that are for the safety of everyone on campus. Therefore, one of the Environmental Safety Administrators must approve all purchases of chemicals. Many of the chemicals used on campus have already been approved and the names of these chemicals are maintained on a master list that can be accessed on the Marywood website, and therefore do not require a specific approval for every purchase. If a department wishes to order a chemical not on the list, then specific approval from one of the Environmental Safety Administrators is required before the Fiscal Services Office can issue a purchase order. Unapproved purchases/orders will not be honored and will be returned to the sender.
9. **Bus rentals to transport students**- must be processed through the Fiscal Services Office for all university departments. Whenever a bus is rented for transportation of students or employees of the University, the bus rental company must provide the driver. A current Certificate of Liability Insurance must also be provided to the University.
10. **All contracts including leases and service agreements**- must be processed through the Fiscal Services Office accompanied by a purchase requisition. Department heads may not sign service contracts, leases, or rental agreements, unless permission to do so has been approved through the Fiscal Services Office or the Office of the Vice President of Business and Administration. Agreements and contracts whose financial terms will be binding on the University must be referred

to the Vice President of Finance and Administration before acceptance and execution.

11. **Dining Services**- Food served in any Marywood University facility, purchased using University Funds, is to be provided under the direction of the University's Dining Service—Gourmet Dining. This would include luncheon and dinner meetings for lecturers, consultants, auditors, departmental guests, and departmental meetings that take place on campus. No outside food or food service vendors are allowed on Marywood's campus without express written permission from University Dining Service in advance of the event. Gourmet Dining retains the right of first refusal on orders.
12. **Gear Shop**- All promotional and departmental, club, team and organizational items used in the normal function of the department are to be ordered through the Marywood Gear Shop as per our exclusive agreement. The Gear Shop retains the right of first refusal on orders. If the Gear Shop cannot accommodate an order request, it is the department, club, team or organization's responsibility to obtain express written permission from the Gear Shop to utilize a third-party vendor. The written Gear Shop permission and valid (within 30 days of the request) third party quote must accompany the purchase requisition form submitted to the Fiscal Services Office.
13. **Allowable/Unallowable Grant Purchases**- Caution must be exercised for all purchases from grant accounts. Grant directors are responsible for observing restrictions or regulations concerning purchases from grant accounts. Ordinarily, the restrictions are included in the grant agreement or in regulations referenced in grant agreements. The general rule is that charges to grant accounts should be allowable, allocable, and reasonable. Most federal grants and contracts may refer to the cost principles included in Office of Management and Budget A-21 (OMB A-21), which gives guidance on allowable and unallowable costs. Please review the **Federal Purchasing Policy** before making any purchases of this nature.

III. PURCHASING PROCEDURES

A. PURCHASE REQUISITIONS

The proper procedure to purchase or obtain any supplies, equipment, or services not otherwise delegated, is to submit a standard **Purchase Requisition Form** to the Fiscal Services Office which is located in on the online forms page of the Marywood website. Make sure the person authorized to sign off on the appointed budget signs the requisition.

B. PURCHASE ORDERS

Upon receipt of a completed purchase requisition, the Fiscal Services Office issues an official Purchase Order.

Immediately upon receipt of items ordered, the receiving copy of the Purchase Order is signed, dated, and sent to the Fiscal Services Office as evidence that items requested have been received. For partial deliveries, *do not* hold the receiving copy.

Please report immediately the following to the Fiscal Services Office: (a) Delay in receiving goods ordered; (b) special attention requested but not rendered by the vendor; or (c) claims, shortage, or damages noted upon receipt of materials. Do not return goods until advised by the Fiscal Services Office.

C. PREPAYMENT

As a rule, payment will not be made before goods or services are received. However, prepayments can be made in situations where it is required by a vendor or in cases where prepayment results in significant savings to the University.

A prepaid purchase must be processed on a purchase requisition. The purchase requisition should note that prepayment is requested. Documentation must be attached to the requisition justifying the need for prepayment.

D. PURCHASING DOCUMENTATION AND BIDDING

Documentation of price or cost analysis must be conducted within the office making the purchase prior to submitting a purchase requisition for all purchases of \$5,000 or less. The Fiscal Services Office may request information from departmental files in situations it deems necessary.

Non-Competitive Procurement Contracts- There are circumstances in which there is only one supplier who can provide goods or services. This should be the exception rather than the normal rule. This section identifies the policy and procedures for contracting with those suppliers.

Non-competitive negotiation may be used to purchase a product or service that can be obtained only from one source. The requestor must demonstrate, and the purchasing department must concur, that only one source exists, that the price is reasonable, and that noncompetitive negotiation is in the best interests of the University. A justification describing why the contract is non-competitive and either a cost review or a cost analysis must be submitted at the time of the Purchase Requisition. This is only required for products or services over \$5,000.

- Component parts for a major item being constructed.
- For items which must be compatible with existing equipment or systems and are available only from the original manufacturer.
- For items available from only one source of supply, having specific features essential for the completion of the task or project at hand.
- From a vendor that the University has negotiated contract prices with

for a specified duration of time.

Simplified Bidding- When the expected cost of a product or service for the full term of the contract is between \$5,000 and \$24,499, the purchase requisition must be supported by written bids or quotations received in response to written requests issued from the University.

- A minimum of three bids shall be sought using the same specifications.
- The University shall describe the goods or services required, in enough detail, to allow a bidder to determine if they can provide the goods or services. The University shall also include the terms and conditions associated with the purchase.
- Bids can be written quotes or documented catalogue pricing.
- Award shall be made to the lowest bidder who can adequately meet the outlined specifications.
- At request of the auditors, the Fiscal Services Office may contact the purchaser for documentation of the simplified bidding process if your purchase is randomly selected.

Sealed Bidding- Purchases of \$25,000 or more require a formal sealed bid process. This is a formal process using a request for bid process and formal advertising used by the purchasing office (non-fiscal) to solicit bids.

- Issuance of the Sealed Bid
 - A sealed bid shall include:
 - Specifications that describe the needed goods or services in enough detail to determine if a bidder can provide the item or service. Specifications shall be written to enhance competition, not limit it. The following specification categories are listed in order of preference of use: 1) Generic 2) Brand Name or Equivalent 3) Proprietary (when competed amongst resellers). If there is no competition, a non-competitive negotiation approval shall be sought according to the procedures outlined in the *Non-Competitive Procurement Contracts* Section of this policy.
 - The date, time, and place for receipt of bids. The bid shall state if electronic bids will be accepted.
 - All required terms and conditions.
 - Dispute language shall be included in service contracts.

- Mistakes, Errors, and Withdrawals of Bids
 - A bidder may correct mistakes discovered before the time and date set for the opening of the bids by withdrawal or modification of the bid.
 - A bidder may withdraw a bid.
- Late Bids, Late Modifications, and Late Withdrawals
 - Any bid, request for withdrawal or modification of a bid that is not received at the designated location, time and date set in the bid will be considered late and will not be considered. Delivery of the bid to the specified location is the sole responsibility of the bidder.
 - If a significant error is found in the bid document, a bidder shall be allowed to withdraw from the bid even if the withdrawal is after bid opening.
- Basis for Award
 - The contract shall be awarded to the low bidder who is responsible and is responsive to the bid's requirements. If there is a determination to not award to the low responsible and responsive bidder, a justification must be documented in the file. Bids may be awarded based on a total cost of ownership (TCO), if the TCO is incorporated into the bid.
- Notice of Intent to Award and Dispute Process for Service Contracts
 - Once the low responsible and responsive bidder is identified, a Notice of Intent to Award letter shall be sent to all bidders identifying the winning bid, for service contracts.

IV. THE UNIVERSITY PNC PURCHASING CARD

When placing an order, it is always preferable to use a purchase order and have the company direct bill us. However, there are some instances where a purchase order will not be accepted. In these instances, the Marywood University PNC Purchasing Card can be utilized.

A. USING THE PNC PURCHASING CARD AT LOCAL RETAIL OUTLETS

To purchase items at retail outlets that will not accept a purchase order or direct bill, the University employee shall use the Purchasing Card to charge the order. For a purchase from any local retail outlet, please verify with the store first whether or not they will accept a University purchase order. If they refuse, then the Purchasing Card may be used.

B. PURCHASING CARD SECURITY

Purchasing card security should be treated with the same level of care as a personal charge card. Storage of the purchasing card should be in a secure location, accessible to only the cardholder. The purchasing card account number should be secured and not posted at a desk or any other location. When faxing or scanning orders, the purchasing card number should never be written on the electronic transmittal. The cardholder must request that the supplier call to obtain the purchasing card number and confirmation.

Use of the purchasing card by anyone other than the person whose name appears on the card is prohibited. The purchasing card must not be given to anyone. If the cardholder is going to be absent for an extended period, the supervisor may request that a new purchasing card be issued to a different person for the duration of the absence. The supervisor must direct the request to the program administrator. The cardholder whose name appears on the purchasing card may make purchases on behalf of any employee within their department, if approved by the department supervisor (budget manager).

If a purchasing card is lost or stolen, the cardholder should immediately notify either the program administrator or the secondary program administrator and PNC Bank by calling 1-800-685-4039.

C. PENNSYLVANIA SALES AND USE TAX

Marywood University is classified as a non-profit educational institution by the state of Pennsylvania and therefore generally exempt from state or local sales and use taxes, hotel occupancy taxes, and vehicle rental taxes when appropriately furnishing a vendor with the University's Certificate of Exemption. Requests for an official Certificate of Exemption are to be directed to the Fiscal Services Office as required by the vendor being used for the transaction.

D. RECONILIATION PROCEDURES

Each cardholder must review their PNC Bank Purchasing Card memo statement to ensure that all transactions were initiated and approved and that the merchandise was received, and/or the requested service was performed. It is the responsibility of each cardholder to ensure that any credits due from vendors are promptly received. Please note, charges may not appear immediately on the PNC Bank Purchasing Card memo statement. Due to timing of the transaction, the credit may appear on the next statement that is received. If this occurs, the cardholder should make a special note for future reference to ensure that the credit is received.

All actual receipts and a copy of the PNC Bank Purchasing Card memo statement along with a **Credit Card Monthly Charges Report** must be submitted to the Fiscal Services Office. The Credit Card Monthly Charges Report must be signed by the cardholder and approved by the supervisor before submitting.

V. Requisitions for Emergency Supplies and Services

Please review the **Emergency Procurement Policy** prior to purchasing.

VI. Requisitions for Purchases Covered by Federal Funds

Please review the **Federal Funds Procurement Policy** prior to purchasing.

VII. Requisitions for Travel and Business Expenses

Please review the **Travel and Business Expense Policy** prior to purchasing.