

HOWARD UNIVERSITY POLICY

Policy Number: 200-003
Policy Title: PROCUREMENT - GENERAL
Responsible Officer: Chief Financial Officer
Responsible Office: Office of the Chief Financial Officer (Strategic Sourcing and Asset Management)
Effective Date: June 29, 2011
May 29, 2012 – Conforming Revisions

I. POLICY STATEMENT

It is the policy of Howard University (“the University”) to use Strategic Sourcing and Asset Management (SSAM) to acquire all goods and services on the University’s behalf guided by ethical conduct, sound business practices, accountability, best value, donor and sponsor requirements, and federal and other regulations. Howard University’s Board of Trustees delegates significant authority to the University President for the acquisition of goods and services from external sources, and this authority is ultimately exercised by University purchasing agents and contracting officers who shall conduct business as ethical and accountable stewards of University funds.

The Office of Strategic Sourcing and Asset Management shall provide to the University campus community regulations and guidelines for the acquisition of goods and services. SSAM’s responsibility is to execute the policies and procedures necessary to conduct the University’s procurement program while being conscious of prudent spending of University funds in fair and open competition.

Howard University personnel directly involved in the University’s purchasing process shall be prohibited from holding outside business relationships with vendors who conduct business with the University. Nothing in this policy shall be construed in a manner to supersede any provision of the *Code of Ethics and Conduct and Relationships with Industry* policies as they pertain to ethical standards in the conduct of University business.

II. RATIONALE

SSAM conducts acquisitions with the goal of obtaining the highest quality products and services at the best value. As a recipient of federal funds, the University is required to follow an established set of guidelines and policies as set forth by the federal government.

- OMB Circular A-21
 - This circular establishes principles for determining costs applicable to grants, contracts, and other agreements with education institutions.
 - http://www.whitehouse.gov/omb/fedreg_a-21rev
- OMB Circular A-110
 - This is the Uniform Administrative Requirements for Grants & Agreements with Institutions of Higher Education, Hospitals, & Other Non-Profit Organizations.

- http://www.whitehouse.gov/omb/fedreg_a-110
- **OMB Circular A-133**
 - This circular sets forth standards for obtaining consistency and uniformity among federal agencies for the audit of states, local governments, and non-profit organizations expending federal awards.
 - http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2010

III. ENTITIES AFFECTED BY THIS POLICY

This policy affects all entities within the University including grant-funded programs. It is mandatory reading for all persons with responsibility for acquisition and procurement on behalf of the University, or persons who decide or recommend decisions on University acquisitions. This policy does not apply to the Howard University Hospital.

IV. DEFINITIONS

Acquisition - The purchase of goods and/or services.

Commodity – A product, good or service purchased on behalf of the University.

Competitive Bidding - a procurement process that allows competing vendors to formally submit a bid for products or services that have a specific scope, criteria, specifications, terms, and conditions. The goal of the process is to procure products or services at the lowest total cost of ownership (TCO) price by stimulating fair competition between the vendors.

Online Catalogs – Allow end-users (customers) to request products and services under the negotiated terms of the University’s master contract. When using an online catalog system, product identification and selection time is accelerated; the approval and payment process cycle time is reduced; and pricing errors drop as price is checked against the pre-negotiated contracts reflected in the catalog.

Procurement - The acquisition of goods and/or services. It is favorable that the goods/services are appropriate and that they are procured at the best possible total cost of ownership (TCO) to meet the needs of the purchaser in terms of quality and quantity, time, and location.

Purchase Cards (P-cards) - The P-card is a primary tool for reducing overall procurement costs; it effectively bypasses the normal Purchase Order process and eliminates the need for invoicing from the vendor and check-writing to the vendor for payment. It is to be used for:

- Items that are not in an online catalog.
- Non-recurring purchases.
- Purchases of less than \$1,500 per transaction

P-card spending will be limited generally to \$5,000 per card each month. P-cards with higher limits per transaction and/or higher monthly totals must be approved by SSAM

administers. All Purchase Card users receive a Procurement Card Program Policies and Procedures memo that outlines the restrictions and terms of card usage.

Purchase Order (PO) - A Purchase Order is a document issued by a University buyer indicating types, quantities and agreed prices for products and/or services the vendor will provide to the University. Sending a *Purchase Order* to a vendor is a legal offer extended by the University to buy products or services and can only be sent by appropriate SSAM personnel. [See *Requisition.*]

Request for Quotations (RFQ) – A standard University procurement process where suppliers or vendors are invited to bid on a specific good or service by providing, in addition to the price, information on payment terms, quality level, and length of contract information to assist in the procurement decision. [See *Request for Proposals.*]

Request for Proposals (RFP) - Issued in an early stage of the University’s procurement process, it is an invitation for vendors/suppliers, to submit proposals on a specific good or service according to a formal bidding process. The end-user assists the bidding process by clearly describing the good or service and its intended use or application, and providing performance specifications, whenever possible, to describe the capabilities that are required for the intended use of the good or service. The RFP process provides structure that assists a procurement decision by identifying the risks and benefits upfront prior to purchasing. [See *Request for Quotations.*]

Requisition - An end-user (customer) initiates a Requisition via the PeopleSoft requisitions panel. Once the Requisition is approved, SSAM researches products and pricing. Upon agreement, a Purchase Order (PO) is placed with an approved vendor. [See *Purchase Order.*]

Solicitations – The overall process that employs *Request for Quotations* and *Request for Proposals* and contains technical and descriptive requirements of a good or service and its intended use or application. Performance specifications are used whenever possible so as to describe the capabilities that are required for the intended use of the commodity or service. All bid specifications are developed by the user department in conjunction with SSAM.

Sponsored Program Purchasing – Procurement of goods and services for sponsored programs is covered under *Sponsored Program Purchasing Policy 600-021.*

Total Cost of Ownership (TCO) – is a tool used by SSAM to assist in determining direct and indirect costs of a product, service or system when analyzed within the overall context of the University’s mission and strategic goals.

V. POLICY PROCEDURES

SSAM conducts acquisitions with the goal of obtaining the highest quality products and services at the best value. The following acquiring methods are made available for procuring goods and services:

- Requisitions via PeopleSoft Financial System
- P-Card
- Online Catalogs
- Strategic Sourcing
- Competitive Bidding
- Solicitations - Request for Proposals (RFP) & Request for Quotes (RFQ)

These buying vehicles leverage University funds by assisting in analyzing spend activity and negotiating strategic vendor partnerships.

Procurement-General policy objectives set the stage for policies and procedures to be followed in conducting the University's purchasing program. The established objectives center around the need for efficient and effective operations that is responsive to user requirements, the practice that promotes sound purchasing management and the rendering the greatest value on the University's purchasing dollars.

With these principles in mind, the following objectives are to be accomplished:

1. Purchase supplies, equipment and services necessary for the daily operation of the University and, whenever possible, ensure the proper accountability of all products and services procured by means of the University's purchasing program.
2. Promote prudent spending of University funds by obtaining maximum value for purchasing dollars spent by ensuring competition whenever possible.
3. Promote fair and open competition among vendors by soliciting qualified vendors in an impartial manner.
4. Provide timely procurement of supplies, equipment and services.
5. Promote buying techniques which encourage economies of scale by implementing timetables to consolidate user department orders and, thereby, order materials and services in large quantities.
6. Arrange for delivery of the goods.
7. Maintain complete and accurate vendor data, including tax information.
8. Ensure all purchase orders contain specific basic information such as the vendor name, the *Bill To* and *Ship To* addresses, the dates of the delivery of goods or services and a detailed description of the goods purchased or the services rendered and the location where the goods are to be delivered or services provided.
9. Ensure that all interested suppliers understand the ground rules for doing business with Howard University by describing pertinent University procurement policies and procedures in a vendor's brochure.
10. Operate a central receiving area for receipt and inspection of all materials to provide user departments with expedient and safe delivery and accountability of their materials.
11. Provide the end-user with well-organized and swift procurement methods along with tools that monitor the University's budget and spending.

12. Promote opportunities for small business, minority and women vendors to participate in the University's purchasing of goods and services. To promote participation with the subset of vendors, SSAM should make effort to use small business, minority owned firms and women's business enterprises to the fullest extent practicable and cost effective.

General Policies

1. The University shall operate by the procurement guidelines of Strategic Sourcing and Asset Management (SSAM) Department who obtains all materials, services and professional services for Howard University.
2. SSAM shall take the necessary steps to ensure that the University does not conduct business with vendors that are debarred, suspended or excluded from participation in federal programs. Vendor documentation will be reviewed by SSAM on an initial and annual basis to identify vendors who are on the Federal Debarred Vendor List (Excluded Parties List System).
3. The University shall submit all leasing requests to SSAM for negotiating and to the CFO or an appointed designee for approval prior to execution.
4. The University shall determine the purchasing method for goods and services by referencing the Howard University Procurement Matrix.
5. The University shall recognize that shipments are directed to Central Receiving unless determined otherwise by the SSAM buyers. When items are delivered directly to the end-user from a vendor, email receipt notification to receiving@howard.edu is required.
6. SSAM shall obtain the maximum value for Howard University when purchasing commodities.
7. University employees shall abide by the Code of Ethics and Conduct and Relationships with Industry policies regarding personal gifts or gratuities.
8. The employee shall operate under the Code of Ethics and Conduct and Relationships with Industry policies regarding conflict of interests. No employee shall cause the University to do business with a firm in which that person has a direct interest or serves as an officer or in senior management unless such person first discloses his/her relationship in writing to the President and the Compliance Officer (the General Counsel) of the University for approval. The conflicted employee may not participate in the supplier selection process, final negotiations and/or supplier management.

Acquisition Policies

1. The employee shall initiate all requisitions for goods and services via PeopleSoft Financial System.
2. SSAM shall receive and process only request's that have been approved by the business unit's delegated approver.
3. The employee shall be personally liable to the vendor for the value of materials or services procured without authorization, (i.e. without an approved *Purchase Order* or authorized procurement documentation supported by an approved *Requisition*).

4. The P-card shall be used for items that are not in the University's sponsored online catalog, are not recurring purchases, and cost less than \$1,500 per transaction.
5. The monthly P-card spending shall be limited to \$5,000 per card.
6. The P-card user must maintain original receipts and documentation for all purchases.
7. The P-card shall be used for transactions conducted with a vendor in person, by phone, online or fax.
8. SSAM shall administer the P-card program.
9. The vendor shall receive payment from the P-card's issuing bank.
10. SSAM shall choose the appropriate price and best business for acquisitions valued at less than \$5,000 as they do not require competitive bidding.
11. SSAM shall choose the appropriate price and best business for acquisitions valued at less than \$5,000 as they do not require competitive bidding.
12. SSAM shall, if acquisitions valued at less than \$5,000 that are the first in a series of similar transactions that will exceed \$5,000 in annual expenditures, develop a contract with the selected vendor.
13. SSAM shall competitively bid acquisitions valued between \$5,001 and \$10,000.
14. SSAM shall formally bid acquisitions valued in excess of \$10,001.
15. SSAM shall determine if a product will be leased or purchased by using the requirements of the requesting University unit.
16. SSAM shall prepare invitations for bids and execute the bid solicitation process.
17. The University shall give all bids equal consideration and regard each bid as a unique transaction, evaluated on its merits.
18. The University shall give notice to bidding vendors that all bids are binding for 180 days after the bid opening date, unless otherwise noted in the solicitation.
19. The University shall recognize an Emergency Request as a requirement that if not met will cause an out of service condition or interruption of University business.
20. The requesting Business Unit must provide a memorandum to SSAM when a contractor is proposed as a Sole Source or Best Source (if lowest bidder not selected), indicating the justification for selection.
21. There is no carryover of departmental purchase orders from one fiscal year to the next fiscal year. Purchase orders generally expire at the end of the fiscal year and must be renewed for the next fiscal year. The purchase orders for restricted grants and funds, as well as capital acquisitions, may continue for the life of the project and transcend fiscal years.

VI. INTERIM POLICIES

There are no interim policies.

VII. SANCTIONS

Violations of this policy shall result in disciplinary actions as allowed by Human Resources policies and procedures, including but not limited to, negative evaluation in annual performance appraisals or termination.

Failure to use the P-card in compliance with University policy can result in suspension or revocation of the P-card and possible disciplinary action.

The General Counsel of the University, as the Chief Compliance Officer, shall have ultimate authority in determining conflicts of interest and recommending appropriate sanctions.

VIII. HYPERLINK

www.howard.edu/policy