

**RUTGERS POLICY**

**Section:** 20.1.11

**Section Title:** Administrative Policies, Procedures, and Services

**Policy Name:** Purchasing Policy

**Formerly Book:** 6.5.1, Purchasing Policies and Procedures

**Approval Authority:** Senior Vice President for Administration and Chief Financial Officer

**Responsible Executive:** Senior Vice President for Administration and Chief Financial Officer

**Responsible Office:** Business Services

**Originally Issued:** 1/1981

**Revisions:** 1/1988; 6/1988; 12/22/06

**Errors or changes?** Contact: [klyons@rci.rutgers.edu](mailto:klyons@rci.rutgers.edu) or 732/932-4370

1. **Policy Statement**

The Purchasing Department (Purchasing) is authorized to conduct and conclude negotiations for the purchase or lease of supplies, equipment, and services to fulfill the requirements of the university. The department's major responsibilities are to procure all goods and services on a fair, competitive, and equitable basis, without undue delay, and in accordance with the university's purchasing policy.

2. **Reason for Policy**

To assure that university purchases are made in accordance with all applicable Federal, State and local laws, regulations, codes, and ordinances.

To assure appropriate stewardship of university resources.

To provide employees, suppliers, and vendors with guidelines on purchasing.

3. **Who Should Read Policy**

Members of the university community who use university funds for the purchase or lease of supplies, equipment or services.

4. **Related Documents**

Purchasing Guidelines

<http://purchasing.rutgers.edu>

Policy 40.4.1: Travel, Travel Incidentals, and Meal Expense Policy

Policy 60.4.2: Code of Ethics for Administrative and Professional Staff Members in the University

Policy 80.1.3: Purchase of External Advertising

Identity Guidelines  
<http://identity.rutgers.edu>

Trademark Licensing Guidelines  
<http://ur.rutgers.edu/trademark/index.shtml>

Rutgers Integrated Administrative System Procure to Pay Process (RIAS): Internet Procurement Application User Manual  
<http://rias.rutgers.edu/ipmanual.pdf>

Consultant Policy (See Purchasing Guidelines)  
<http://purchasing.rutgers.edu>

5. **Contacts**

Director of Purchasing, Rutgers New Brunswick/Piscataway  
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6. **The Policy**

## **20.1.11 PURCHASING POLICY**

### **I. POLICY STATEMENT AND GENERAL PRINCIPLES OF PURCHASING**

The purchase of goods and services for Rutgers, The State University of New Jersey, shall be in accordance with the following general principles:

- Obtain the best value and appropriate standards of quality for all goods and services;
- Promote sustainability and ensure stewardship of the university's resources;
- Be fair and ethical in all business relationships; and
- Comply with all applicable laws, university regulations, and the policies of the Board of Governors and the university administration.

Rutgers' goal, for every purchase, is to obtain the best value possible, which could include, but is not limited to, a combination of price, quality, service and terms of delivery.

The Purchasing Department (Purchasing) is responsible for implementing the policy and applicable procedures and shall assist all units with the purchase, rent, lease or other fulfillment of their requirements for supplies, equipment, and services.

### **II. RESPONSIBILITY FOR PURCHASING**

The Rutgers University Board of Governors delegates authority for the procurement of goods and services to the President and to the Senior Vice President for Administration and Chief Financial

Officer (Senior VP and CFO). The Senior VP and CFO is responsible for assuring compliance with the policies for the procurement of goods and services universitywide.

The Director of Purchasing at Rutgers-New Brunswick and the Director of Purchasing–Newark (within specified limits), or a designated representative, are responsible for procuring all goods and services by placing orders with suppliers. Except for goods and services eligible for and procured through the Quick Order (as described below), persons authorized to approve expenditures against a particular account have authority only to submit a requisition for a purchase. The requisition becomes a purchase order only after approval and signature by Purchasing.

To meet local campus needs, the Director of Purchasing–Newark has authority to approve purchases, purchase orders, contracts, and agreements that have a total value up to \$250,000.

All university departments and employees are expected to comply fully with the policies and established procedures related to the procurement of goods and services, including the use of the Rutgers Integrated Administrative System, Procure to Pay process (RIAS). All purchases made with university funds must be 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.

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.

#### **A. Departmental Responsibilities**

Departments are responsible for the following when requisitioning for, or purchasing, goods and services:

1. Be knowledgeable of, and comply with, the university purchasing policy and all applicable procedures.
2. Use the RIAS Procure to Pay system for all purchases of goods and services. This includes appointing individuals as preparers and approvers capable of fulfilling the duties and responsibilities of these roles.
3. Maintain accurate and complete files of all orders. Files must contain all pertinent bid information, vendor lists, contracts, etc. These records are subject to audit.

#### **B. Limited Delegation of Authority**

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

- Dining Services for food (used in the dining operations)
- Division of Intercollegiate Athletics for hotel, motel, food and beverage, and car rental (for off-campus team competitions)
- Jane Voorhees Zimmerli Art Museum for art collections and exhibitions
- Office of University Facilities for major renovation projects, new construction, selection of architects, and real estate purchases
- Office of the Vice President and General Counsel for legal services

- Study Abroad program only for goods and services required during programs conducted in foreign countries
- University departments for purchases up to \$5,000
- University libraries for books, periodicals, media and other library materials
- University Relations and Document Services for printed matter

These departments shall undertake their purchasing activities in accordance with the established guidelines approved by the Senior VP and CFO.

### **III. CONFLICT OF INTEREST AND ETHICS**

All individuals, as appropriate, are expected to act in accordance with the guidelines outlined below (sections A – D) and the standards of professional ethics set forth in the following university policies:

- 60.4.2, Code of Ethics for Administrative and Professional Staff Members
- 60.5.1, Academic Freedom
- 60.5.8, Conflicts of Interest – Faculty, Professional Activities Outside the University, Outside Employment for Academic Personnel
- 60.5.9, Faculty or Staff Involvement with Commercial Enterprise – Contracts with the University

#### **A. Use of Companies Owned by Rutgers Employees**

The university will not buy from vendors that are wholly or partially owned by university employees or their immediate family members (excluding minimal equity/interests, such as stock holdings of 1% or less), unless competitively bid and with the prior written consent of the Director.

#### **B. Prohibition on Gifts and Gratuities**

Employees shall not accept duties, gifts or favors, business meals, or anything else of more than nominal value from any current or prospective vendor or supplier. Further employees are prohibited from soliciting any fee, commission, compensation, gift, gratuity or anything else of value from any current or prospective university vendor.

#### **C. Personal Purchases**

Purchasing shall not arrange personal purchases for university faculty, staff or students, and will not allocate time for locating suppliers or securing quotations for personal purchases. Similarly, a department may not place an order for an individual employee or student and then have those individuals reimburse the department.

University employees may not use the Rutgers name or present themselves as agents of Rutgers when making personal purchases.

#### D. **Contacts with Vendors and Suppliers**

Purchasing is responsible for obtaining fair and final prices from vendors and suppliers. University employees (outside of Purchasing) shall not promise or negotiate supplier specific payment terms with vendors. The final contract prices may not be released to competing vendors, suppliers or other personnel except through Purchasing.

### IV. **COMPETITIVE PURCHASING PROCESS**

Purchasing will be conducted in a manner that provides, to the maximum extent possible, research and outreach to develop an extensive vendor and supplier database, open and free competition, and adherence to competitive procurement practices (soliciting requests for quotations and proposals, and negotiating pricing agreements).

Under this process, in a manner similar to the State of New Jersey procurement practices, Purchasing develops lists of pre-approved vendors based on a number of factors including but not limited to:

- The background, qualifications, skills and experience of the firm and its staff;
- The firm's degree of expertise concerning the area at issue;
- The price (or rate) to be charged;
- The university's prior experience with the firm;
- The firm's familiarity with the work, requirements, and systems of the university;
- The firm's proposed approach to the issues raised in the project description or specification;
- The firm's capacity to meet the requirements of the project at issue;
- The firm's references;
- The interviews with prospective firms; and the
- Geographical location of the firm's offices.

Purchasing engages in a variety of state and national professional purchasing activities to identify and encourage companies to register and participate in the university's procurement process. These activities include vendor trade shows and fairs, professional trade organizations and journals, databases that include the National Association of Educational Procurement, Educational and Institutional Cooperative Purchasing system, Rutgers University's vendor database, and the New Jersey State SAVI database, as well as proactive outreach and vendor interview processes. Vendors are also invited to visit Purchasing to be interviewed by the buying staff. In addition, Purchasing identifies vendors through its Supplier Diversity Program, which makes special efforts to reach out to small businesses and minority and women-owned businesses. Any potential vendor is permitted to be considered in the process; vendors that participate in the competitive bid process and meet the university's specifications may be awarded contracts. Units within the university are then authorized to do business with these pre-approved vendors. This process allows the university to receive guaranteed competitive pricing for various products and services, and has also been approved by the federal government for use in transactions that are subject to federal regulation and review.

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

**For goods and services \$40,000 and above:** Purchasing will seek formal competition between multiple vendors whenever appropriate.

**For goods and services between \$5,000 and \$40,000:** Purchasing will use any of the methods described in the “Competitive Bidding Processes” below.

**For goods and services below \$5,000:** Departments are expected to seek maximum value for each expenditure and ensure that no excessive or unnecessary purchase will be made.

**A. Competitive Bidding Processes**

The university 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:

1. Multiple quotations via telephone, fax, or email.
2. Request for Proposal (RFP) – a competitive bid solicitation generated by Purchasing used when the requester wants multiple suppliers to describe how they would address a defined project or task. Frequently, the requester and the buyer will need to design an evaluation matrix that cites the key proposal attributes that will be used to make a supplier selection. Price is usually not the single determining factor in evaluating RFPs.
3. Request for Quotation (RFQ) – a competitive bid solicitation generated by Purchasing used when price is the single factor used to select the best source of supply.
4. Request for Information (RFI) – a method for soliciting information from suppliers generated by Purchasing and is 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.
5. Cooperative/Group Purchasing Programs – Cooperative and Group purchasing organizations allow eligible institutions to order under established contracts without additional formal bidding. As a public institution of higher education, Rutgers is eligible to participate in many group and cooperative purchasing programs, including the New Jersey State Contracts, the Educational and Institutional Cooperative Services, Inc., and several others. While these contracts are established through a competitive bidding instrument, Purchasing is responsible for determining the “best value” to the University.

**B. Waiver of Competitive Bidding: Sole Source and Single Source Justification**

A “waiver of competitive bidding” will be considered for purchases above the bid threshold only when it is necessary and in the best interest of the university. All waivers of competitive bidding must be approved by Purchasing prior to the purchase of the goods or services. Requests must be submitted using the approved “Request for Competitive Bid Waiver Form” (<http://rias.rutgers.edu/formsrequirements.html>). All requests must (a) justify why a bid waiver is appropriate, including describing the efforts made to locate other sources of supply; (b) verify that the vendor is qualified; and (c) demonstrate that the price is reasonable.

The following types of purchases may qualify for a waiver:

1. Sole Source: Only one vendor is capable of providing a good or service and it is not possible to obtain competitive bids.
2. Single Source: Multiple sources of supply are available but, for specific reasons, the good or service should be purchased from a specified vendor.
3. Emergency Order: A purchasing emergency will be considered as the following:
  - Abating an imminent life safety hazard
  - Necessity of keeping vital equipment operative
  - Preventing the deterioration of an experiment
  - Preventing substantial economic loss or interruption of a vital service

Emergency procedures may be used only to purchase that quantity of a good or service which is necessary to cover the emergency. Subsequent requirements shall be obtained using normal purchasing procedures. More information on emergency purchases is available at:

[http://purchasing.rutgers.edu/fs\\_guide.html#E](http://purchasing.rutgers.edu/fs_guide.html#E).

#### C. Vendor Selection

Rutgers reserves the right to establish competitive and non-competitive negotiated agreements with a vendor when it is in the best interest of the university. Vendor selection shall be made using an evaluative process and shall be based on the total benefits to the university. Consideration will be given to price, level of service, market conditions, and other variables as appropriate. Negotiated agreements with vendors require prior approval of the Director.

### V. METHODS OF PURCHASING

University faculty and staff may use several methods to facilitate the purchase of goods and services. Requisitions are processed through either the Rutgers Integrated Administrative System (RIAS) or with an internal paper requisition. More information is available on the purchasing web site at <http://purchasing.rutgers.edu>. The university employs the following methods:

#### A. Purchase Orders

##### 1. Purchase Orders

The university's purchase order is a legal document that contains a description of the good or service, payment terms, and terms and conditions specifying protections for the department and the university, such as limits of liability, insurance, termination, and performance acceptance clauses.

The unique number associated with the purchase order will serve as the common tracking number in the university's accounting system and various departmental files.

## 2. Quick Orders

A Quick Order is a purchase order that does not exceed \$5,000 in total. The department has the authority to issue a Quick Order directly to the supplier without submitting the request to Purchasing for pre-approval.

Departments are expected to obtain maximum value for each purchase and comply with the university's ethical standards when obtaining price quotations. Departments may not split a single purchase costing \$5,000 or more into a series of smaller individual purchases for the purpose of circumventing the policy governing competition.

### Quick orders cannot be used to purchase the following:

#### Biological and Hazardous Substances:

- Biological agents
- Controlled substances
- Hazardous waste disposal
- Particularly hazardous chemical substances
- Radioactive materials
- Select agents and toxins

#### Goods or Products:

- Advertisements
- Equipment requiring utilities hook-up
- Furniture, carpeting, and window treatments
- Graphics and signage
- Imported equipment requiring customs clearance
- Plaques to be affixed on buildings or university-owned property and monuments

#### Services:

- Alterations and renovations (buildings and grounds)
- Consulting services
- Graphic design services that involve the use of the university's name and visual identity (this includes, but is not limited to advertisements; creating a new logo or word mark; business cards, stationery, and other common print, web, and video applications)
- Inspection or service of fire suppression systems
- Other:
  - Leases
  - Legal Services
  - Lobbyists

## 3. 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, University Inn, Mail and Document Services, and Material Services).

A complete list of active internal suppliers is available at <http://rias.rutgers.edu/IPOSuppliers.html>. Requisitions to internal suppliers are processed either through RIAS or with an internal paper requisition. Departments should contact the internal department directly to determine the required type of



requisition. More information is available on the purchasing web site at <http://purchasing.rutgers.edu>.

**B. Travel and Business Expenses (TABERS) and Small Dollar Incidental Purchases**

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.

**VI. 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 vendor. It is used to initiate payment for goods or services that do not warrant a university purchase order. Check Requests must be accompanied by supporting documentation and an explanation of all charges. The determination for the appropriate use of a Check Request for goods and services will be made by Purchasing in conjunction with the University Controller.

Purchases using a Check Request must be approved by the Controller's office and will generally be limited to the following:

- Honoraria
- Hotel reservations
- Membership dues
- Permits
- Petty Cash
- Registration for conferences and seminars
- Subscriptions, magazines, etc.

**VII. UNAUTHORIZED PURCHASES**

Individual faculty and staff members do not have authority to enter into purchase contracts or otherwise obligate the university unless specifically authorized to do so by the President, the Senior VP and CFO, the Associate Vice President for Business Services, the Director of Purchasing, or their designated agents. Only those employees with specific delegated signature authority may sign contracts on the university's behalf.

A contractual obligation entered into without authorization will be considered a personal obligation between the employee and the vendor. Furthermore, if an unauthorized person attempts to commit university funds, Rutgers may consider the acquisition effort null and void and decline to pay any invoice that might be issued. In such a case, the supplier may look to the individual placing the order for payment or reimbursement. Employees who execute unauthorized purchases may be subject to disciplinary action.

## VIII. INSURANCES AND TAXES

### A. Insurance

Rutgers requires that all vendors 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 Purchasing 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://www.rci.rutgers.edu/%7Eunivcont/sales%20tax%20chart.pdf>.

## IX. RESTRICTED GOODS AND SERVICES

The purchase of the following products and services requires specific approval and/or procurement processes. For more information, contact the appropriate buyer at <http://purchasing.rutgers.edu/ccodes.html>.

- Advertising
- Asbestos abatement services
- Alterations and renovation services (buildings and grounds)
- Biological agents
- Consultants and Independent Service Providers (ISP)
- Controlled substances
- Firearms and ammunition
- Fundraising
- Hazardous waste disposal
- Investment advisors and other financial consultants
- Laboratory animals
- Lobbyist services
- Legal services
- Particularly hazardous chemical substances
- Radioactive materials
- Select agents and toxins
- University “branded” communications, printed matter, electronic media, and other materials and merchandise

## X. AUDITS

All university purchasing transactions, including Quick Orders and Check Requests, as well as all supporting documentation (e.g., Requests for Competitive Bid Waiver, contracts, agreements, memos, letters, and notes, etc.) are subject to audit for compliance with university policies and regulations.

## **XI. 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. The Supplier Diversity Business Directory is available at <http://purchasing.rutgers.edu/sdpsuppliers.html>. For more information, please contact Purchasing directly at 732/932-4370.

## **XII. 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. More information is available online at <http://purchasing.rutgers.edu>.