

630 PURCHASING POLICIES AND GUIDELINES

Policy 630 was approved by the ISU Board of Trustees on July 16, 2004. Section 630.1.3 was amended by the ISU Board of Trustees on December 18, 2009.

630.1 General. The Purchasing and Receiving Department has been charged by the Board of Trustees with the responsibility for the procurement of all materials, equipment, supplies, and contract services; of warehouse operations; and of disposal and sale of surplus materials and equipment. Additionally, the Board of Trustees has authorized purchases by University Departments that use the ISU procurement card, provided the established rules for the procurement card program are followed. The procurement card procedures can be found at (<http://www.indstate.edu/purchasing/>).

630.1.1 Sole Authority. The Purchasing and Receiving Department has the sole authority to order materials, equipment, etc., and obligate the University for same, except for purchases made through the procurement card program. Any orders, whether written or verbal, will be recognized only if authorized by or through the Purchasing and Receiving Department, or as a result of the proper use of the procurement card system.

630.1.2 Procurement Standards. Procurement shall be conducted according to Indiana Statutes 5-22-16-4, 6-2.5-4-14, and 6-2.5-8-10, which requires that state educational institutions provide the State of Indiana with vendor lists, in order to determine if vendors have a registered retail merchant certificate and are not delinquent in paying gross retail and use taxes.

630.1.3 Items Not Handled by Purchasing. The following items are not routinely handled by the Purchasing and Receiving Department:

- A. Real estate
- B. Books and other holdings for the libraries
- C. Utilities (water and electricity)
- D. Insurance and contracts for collection services.
- E. Contracts signed on behalf of the Board of Trustees
- F. Travel
- G. Legal investments and bond underwriting

630.1.4 Compliance with Policies and Procedures. The policies and guidelines outlined in Appendix F have been approved by the University Board of Trustees and are intended to assist the faculty and staff in understanding the procedures and responsibilities of the University Purchasing and Receiving Department. Since these

policies and procedures are designed to serve the interests of the departments, as well as to meet policy requirements of the University, faculty and staff are expected to give full support and cooperation. It is recognized that problems and misinterpretations of regulations may occur. In such instances, departments are urged to discuss such problems with the Purchasing and Receiving Department.

630.2 Procedures and Policies on Bidding.

630.2.1 Public Works Projects. Public works projects (construction, renovation etc.) are advertised and competitively bid according to Indiana Statute 5-16.

630.2.2 Purchasing Supplies, Equipment, Services, and Public Works. Requirements for the purchase of supplies, equipment, services and public works are competitively bid according to the following:

630.2.2.1 Under \$1,000. ISU procurement cards, or a requisition, are to be used for most purchases under \$1,000. Verbal or written quotations are not required; however, there may be instances where the buyer of items at this dollar level may want to verify pricing in some manner.

630.2.2.2 \$1,000 to \$3,000. Requisitions are to be used for any purchases over \$1,000. A verbal and/or a written quotation will be solicited at these dollar levels.

630.2.2.3 Over \$3,000. Written quotations are to be solicited from a minimum of three vendors on Indiana State University forms.

630.2.2.4 Immediate Action. Certain situations, circumstances, standardized sources, and/or emergency requirements may demand flexibility and/or an immediate solution. The buying staff is expected to interpret, adequately document, and handle purchases in the best interests of the University.

630.3 Board of Trustees Reporting and Approval. Items to be reported to the Board of Trustees include single purchases of more than \$25,000 if only one bid is received; single purchases of more than \$25,000 if a bid other than the low bid is accepted; and single purchases and accumulated purchases in excess of \$250,000 during the fiscal year.

630.3.1 Single Purchases of More Than \$500,000. Single purchases of more than \$500,000 require approval of the Board of Trustees. In limited circumstances where the delay of a purchase transaction to comply with this provision would produce substantial safety or operational issues, or economic hardship, the Treasurer and or the President may authorize the transaction following approval by the State of Indiana and subject to full disclosure and reporting at the next scheduled Board of Trustees meeting.

630.4 Ordering Procedure.

630.4.1 Financial Guidelines.

630.4.1.1 Procurement Cards. ISU procurement cards, or a requisition, are to be used for most purchases under \$1,000.

630.4.1.2 Requisitions. Requisitions are to be used for any purchases over \$1,000. The request is initiated by department and a requisition is sent to Purchasing and Receiving (except for qualified purchases made under the procurement card program). The Department Chair, or the Administrative Head responsible for the appropriated funds, or their authorized designee, must approve the request and maintain documentation of said approval. Documentation of approval by the appropriate authority is subject to audit by the University.

630.4.2 Procedures for Items Subject to Bid.

630.4.2.1 Development of Specifications. Specifications are reviewed and bid solicitations prepared based on items requested and/or dollar level.

630.4.2.2 Distribution to Vendors. Bid solicitations are distributed to vendors.

630.4.2.3 Review. Bids are received and reviewed.

630.4.2.4 Award. Award is made on basis of lowest and best bid. A University purchase order form is issued to the successful vendor.

630.5 Awarding Orders. Only Purchasing and Receiving has the authority to commit Indiana State University in contracting for material and services except for the specific areas itemized under section Purchasing Authority.

630.5.1 Criteria. Awards shall be made employing a combination of the following criteria:

- A. Degree to which the item(s) or service quoted will best fill the University's requirements.
- B. Price: including freight, payment terms, and life-cycle costing.
- C. Delivery.
- D. Service capability, past experience, features and functions not offered by others.
- E. Everything being equal, purchase will be made from minority, local, state, and United States vendors, in that order.

630.5.1.1 Single Source Pricing. Orders placed with single source pricing should be documented to indicate reasonableness of offer.

630.5.2 Prepayment of Orders. Payment for goods or services shall not be tendered until requested goods or services have been received and approved by the requesting department. The following exceptions exist:

- A. Payments to local, state, and federal government entities.
- B. Any procurement of goods or services where the source provides an instrument of security.
- C. Where the funding agency has authorized prepayment.
- D. Service and maintenance contracts where necessary.

630.6 No Endorsement. It shall be University policy that ISU will not commercially endorse vendors or their products, or services, without the express prior written approval of the President of the University.

630.7 Release of Procurement Information. The following will govern the release of information gathered during the procurement process:

- A. Notification of award, pricing, and competitive offers will be released only by the Purchasing and Receiving Department.
- B. Pricing and competitive offers will be released only after an order has been placed and accepted by the selected vendor.
- C. Proprietary information covered by a signed non-disclosure certificate will not be released.
- D. Institutional data shall not be used which would be in conflict with the University's Policy on Reciprocity.
- E. For further details concerning release of procurement information see State statute IC 5-14-3-3 (Right of public inspection of public records).

630.8 Emergency Orders (Repairs). Emergency orders must be kept to a minimum.

630.8.1 Standard. Generally, emergency order procedures will not be used unless the savings realized by formal procurement practices would be offset by a corresponding or greater loss to the department as a result of the delay. Failure to anticipate a need is not, of itself, considered a bona fide emergency.

630.8.2 Expedited Process. Other emergency repairs may be expedited by entering the requisition electronically into the POS system and then contacting the appropriate buyer to request that they expedite the order. If the department does not have the capability to enter the requisition electronically into the POS system, they may hand deliver the requisition to the appropriate buyer for processing.

630.9 Demonstration or Sample Material. University employees desiring to see samples or have equipment demonstrated should contact the appropriate commodity buyer in the Purchasing and Receiving Department for assistance.

630.9.1 No Commitment Without Purchasing Order. University personnel who find the need to contact sales representatives directly are reminded to advise the prospective vendor that no commitments or deliveries may be made until a purchase order has been properly issued by the Purchasing and Receiving Department. Vendors are to provide their own insurance coverage for any equipment or material requested for trial or demonstration purposes by the Purchasing and Receiving Department.

630.10 Selection of Vendors. Vendors are selected for their capability to serve the needs of the University in the most economical and efficient manner possible. Past performance and cooperation are important factors.

630.10.1 Non-Discrimination and Other Laws. Vendors must comply with the Equal Opportunity Act (Executive Order 11246 as amended), since it is the policy of the University to promote the full realization of equal employment opportunity through an Affirmative Action program. Vendors must also comply with other laws and directives as they are issued.

630.11 Sole Source. A sole source purchase is one wherein an item that is needed can only be purchased from a single source. This situation makes it impossible to obtain competitive bids. Purchasing and Receiving will always require documentation from the requisitioning department to justify why the technical characteristics inherent in the item make it essential to the project that it should be purchased in preference to another brand of lower but similar capabilities.

630.11.1 Final Determination. Final responsibility in determining whether an item is a proprietary item and may be purchased from a sole source rests with the Purchasing and Receiving Department.

630.12 Supply Sources. Requisitioning departments are encouraged to suggest sources of supply for unusual items. Authority for the final selection of the vendor, however, shall be left to the Purchasing and Receiving Department, which will make its decision in light of the overall needs of the University.

630.13 Minority Purchasing. Indiana State University is committed to providing minority vendors every opportunity to compete for its business. Efforts will be made to identify minority vendors and solicit quotes from these vendors wherever possible. Efforts will also be made to communicate with minority vendors regarding the University requirements and the purchasing process so that they may become more viable suppliers. Procurement shall be conducted according to the “Governor’s Commission on Minority Business Development,” Indiana Statute 4-13-16.5, concerning minority and women owned business enterprises. The Governor’s Commission is charged with establishing annual goals for the use of minority and women owned business enterprises.

630.14 Sales Tax. The University is exempt from Indiana tax (and other States where recognized), and city sales and use tax. When requested, the Purchasing and Receiving Department will furnish a copy of the University's tax-exemption certificate.

630.15 Reciprocity. Indiana State University personnel will not participate in reciprocal purchasing arrangements. Indiana State University shall continue to separate purchasing considerations from the objectives of fund raising endeavors of the institution.

630.16 Code of Ethics. The Purchasing and Receiving staff supports and implements the Code of Ethics of the National Association of Educational Buyers.

- A. Give first consideration to the objectives and policies of the institution.
- B. Strive to obtain the maximum value for each dollar of expenditure.
- C. Decline personal gifts and gratuities.
- D. Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.
- E. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
- F. Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.
- G. Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.
- H. Make every reasonable effort to negotiate an equitable settlement of any controversy with a supplier, and/or be willing to submit to arbitration any major controversies.
- I. Accord a prompt and courteous reception, as conditions permit, to all who call on legitimate business missions.
- J. Cooperate with trade, industrial, and professional associations, and with governmental and private agencies for the purpose of promoting and developing sound business methods.
- K. Foster fair, ethical, and legal trade practices.
- L. Counsel and cooperate with NAEB members and promote a spirit of unity and a keen interest in professional growth among them.

630.17 Conflict of Interest.

630.17.1 Statutory Requirements. State Statute #35-44-1-3, Conflicts of interest; public servants:

"A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony."

- 630.17.2 Definition of Conflict of Interest.** Conflict of interest occurs when a person's private interests and his or her University responsibilities are at odds. This means an individual should not be in a position to gain personally as a result of conducting business on behalf of the University.
- 630.17.3 Policy.** Employees engaged in any aspect of the purchasing process are expected to be free of interests or relationships which are actually or potentially detrimental to the best interests of Indiana State University. For instance, employees should not be conducting University business with a company he or she substantially owns or with businesses substantially owned by close relatives.
- 630.17.4 Disclosure.** Complete disclosure shall be made to the Secretary of the University of any potential conflict to allow sufficient opportunity of appropriate review prior to entering into such a situation.
- 630.17.5 Purpose.** These steps are taken to ensure that all job related decisions are made on sound business principles.
- 630.17.6 Buying Staff.** The buying staff at Indiana State University shall annually sign conflict of interest statements.
- 630.18 Gratuities.** Gratuities offered by suppliers are a part of the ethics issue since they may be designed to (or may appear to) subvert the purchasing professional or other's judgment. The NAEB Code of Ethics reprinted earlier states "Decline personal gifts or gratuities".
- 630.18.1 Exceptions.** Exceptions to this statement which are generally acceptable include:
- A. Advertising favors (small dollar items bearing the suppliers name or logo).
 - B. Lunch or dinner for a bona fide business purpose.
- 630.18.2 Questions About Policy.** Should a questionable situation arise, the Indiana State University employee should contact his or her immediate supervisor or the director of purchasing.
- 630.19 Purchases for Employees.** Indiana State University's Purchasing and Receiving Department shall not acquire goods or services for the personal use of employees.
- 630.20 Disposal and Redistribution of University Property.** When an item no longer is wanted by a user department, the Purchasing and Receiving Department will attempt to redistribute the item

within the University based on equitable criteria. Should there be no need for the item within the University, it may then be sold or traded outside the University.

630.20.1 Unusable Property. Unusable property or parts that can be sold for junk will be accumulated and sold by the Purchasing and Receiving Department, and if unsalable as junk, will be properly discarded.

630.20.2 Usable Property. Usable property which cannot be relocated with a University department will be disposed of in accordance with the following procedures:

- A. Advertised for public auction at a time and place specified by the Purchasing and Receiving Department .
- B. Consigned to a public auction house for sale.
- C. Sold by invitational bid, widely circulated in a trade or public advertisement where there is a potential market for the property.
- D. With the ISU Purchasing Director's signature, released to public or non-profit institutions.

630.21 Fund Sources. All funds deposited with the University, regardless of source, are University funds and must be handled in accordance with University policy. Although departments are allocated funds in their budgets for a given period, this allocation is only an authority to requisition, not to purchase, unless the purchase is an authorized purchase using an ISU procurement card.

630.22 Purchases from Faculty and/or Staff. Official University policy is not to purchase from faculty and/or staff members.

630.22.1 Exceptions. The only exceptions to this policy are: when the purchase of an item cannot be obtained elsewhere because the faculty and/or staff member has designed and made it; it is a one-item, one-time purchase which has very obvious advantages to the University. An example would be a faculty member who has a special piece of equipment or a book collection that would be advantageous for the University to obtain.

630.22.2 Purpose. Buying from faculty and/or staff members is discouraged because: a faculty and/or staff member may be recommending purchases of their own product; other faculty and/or staff members may recommend purchases of a product from a fellow faculty and/or staff member; and, as a public institution, the University would be subject to criticism for making such purchases.

630.22.3 Approvals for Exceptions. For exceptional cases the procedure for the Purchasing and Receiving Department is to request the approval of the vice president for business affairs and the president. Only upon the receipt of such approval will the Purchasing and Receiving Department make the purchase.

630.23 University Name, Logo, and/or Marks. The University has a licensing program regarding the use of the University name, logos, and/or marks for the purpose of commercial sales.

630.23.1 License. Any use of these trademark(s) can only be legally utilized if a license is obtained from the University to produce items for commercial purposes.

630.23.2 Subject to Legal Action. Items sold utilizing the trademarks of the University without the approval and license shall be subject to seizure and legal action by the University.

630.23.3 Further Information. Information concerning licensing agreements may be obtained by contacting the director of purchasing and receiving at (812) 237-3600.

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