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Procurement Policy Manual

Abstract

Procurement Policy Manual

Keywords

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KEAN UNIVERSITY PROCUREMENT POLICY MANUAL

**THE OFFICE OF UNIVERSITY PROCURMENT AND
BUSINESS SERVICES**

KEAN UNIVERSITY MAY 2020

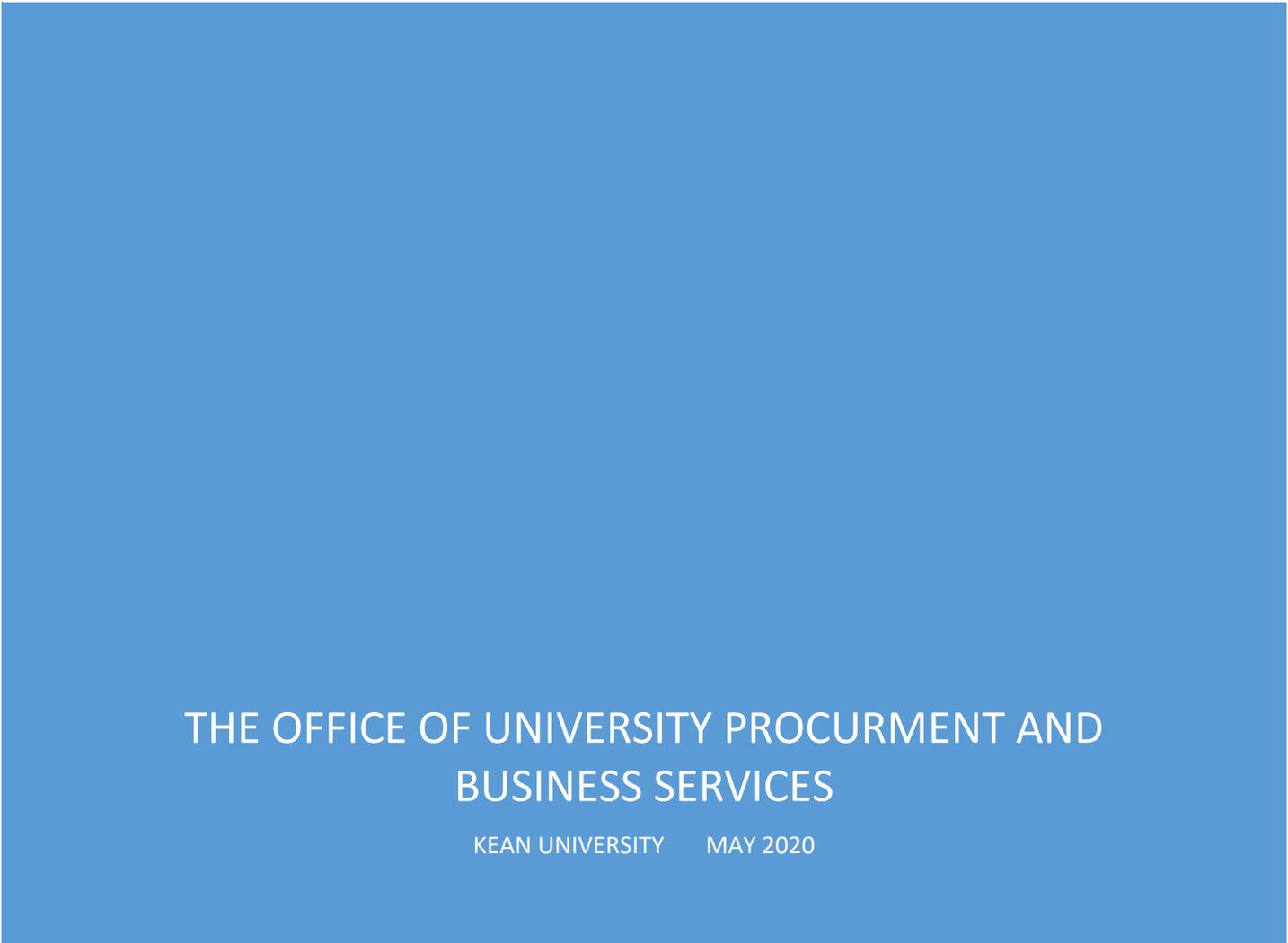


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I. MISSION STATEMENT

It is the mission of Office of University Procurement and Business Services (OUPBS) to serve Kean University community with integrity, professionalism, transparency, knowledge and accountability; to procure all supplies and equipment for the University in most cost effective ways; and to provide fair and equal treatment to all suppliers involved in the procurement process. We are committed to abide by required policies and procedures established by New Jersey State Law and the University, and strive to deliver effective and efficient services to our University, while continuously seeking to improve auxiliary services to support Kean University to fulfill its mission. We strive to offer leadership, expertise and continuous improvement in the development, implementation and administration of all areas of responsibility.

II. OVERVIEW

The Office of University Procurement and Business Services (OUPBS) is the central purchasing and contracts authority for Kean University responsible to conduct and conclude all negotiations for the purchase of goods and services for the entire University. OUPBS is a department under the Kean University's Vice President for Finance and Administration. Each member of OUPBS is assigned commodities based on their expertise, which enables our staff to maintain proactive, accountable and team-oriented relationships with faculty, staff, student, strategic suppliers, and the local community.

III. GOALS AND RESPONSIBILITIES

The Office of University Procurement and Business Services was established to ensure all purchasing and procurement activities are carried out in accordance with all applicable laws, directives from the Board of Trustees and sound business practices. Goods and services are purchased on a competitive, equitable basis in accordance with the University's procurement policies, including the use of purchase orders, competitive bidding, contracts, negotiations and any other legal agreements associated with the acquisition of goods and services that support Kean University's educational, research and business initiatives.

OUPBS's responsibilities include:

- Develop strategy, policy, procedures and systems
- Negotiate corporate purchasing agreements
- Maintain good business relations between the University and its suppliers
- Review Strategic and Preferred Suppliers link for performance and customer satisfaction
- Provide appropriate training and documentation
- Manage the relationship with Amazon Business as a provider
- Offer assistance with any purchase
- Provide consultation and advice to the University community in good purchasing practices
- Ensure purchases are done in most cost effective manners, with integrity, transparency and accountability to protect University finances and uphold public trust
- Abide by federal, and State of New Jersey procurement and Ethics laws.

IV. PURCHASING AND PROCUREMENT GUIDELINES

Requisition Processing

A purchase requisition can be submitted by someone authorized on the account by the University. All purchases at Kean University are to be made through the online purchasing module in the *Colleague Distributed Financials* system.

The following steps must be completed to procure goods or services and before vendor can be paid:

1. The requesting department determines its purchasing needs and is encouraged to reach out to the Office of University Procurement and Business Services for guidance on supplier selection.
2. Based on consultation with OUPBS, department will obtain a quote, an estimate or a proposal from supplier recommended by OUPBS or a qualified supplier of choice.
3. The online requisition must be completed using Colleague Distributed Financials (Ellucian System).
4. The Dean or Department head approves the requisition in the system.
5. The Budget office approves requisitions \$500 or more.
6. The VP will approve requisitions \$1,000 or more.
7. The requisition is sent electronically to the Office of University Procurement and Business Services upon completion and approvals.
8. The OUPBS changes requisition into an authorized purchase order
9. The purchase order is signed by AVP of University Procurement and Business Services or authorized agent, and then mailed to the supplier.
10. The goods are shipped to the University based on purchase order contract item description and Kean University Terms and Conditions.
11. Ordering department will accept goods or services in Colleague Distributed Financials system to give indication to Accounts Payable that goods have been received and are in good condition, thus, the supplier can be paid.
12. Supplier invoices must be approved and sent directly to General Accounting – Accounts Payable.
13. General Accounting pays the invoice.

To ensure accuracy and efficient processing, all completed online purchase requisitions through Colleague should contain the following information:

- Ship to Address – All deliveries should be shipped to Kean University Central Receiving indicating the PO number on the goods. The default Kean University shipping location is: Central Receiving, 1000 Morris Avenue, Union, NJ 07083.
- Supplier Name and Address – Must include supplier's name (as per W-9 form or a quote) and complete address
- General Ledger Allocation – For PO invoices, requisitioners must indicate the General Ledger number, which consists of fund number, cost center, and object code

(xx-xxxx-xxxxx) to which the purchase is being charged. This information is required, for accurately completing the appropriate payment voucher and for monitoring departmental budgets. The approver must be an approver in Colleague.

- Description of the goods or services on the purchase requisition – The order should be described in as much detail as space permits, manufacturer name, and model number, description of the product or service, quantity and price.
- Printed Comments section is used exclusively for name of the requesting department only; Comments section is to provide additional information to OUPBS or General Accounting staff (ex. rush order, form to be mailed with check, etc.).

Required Documentation

The Office of University Procurement and Business Services will review all requisitions for compliance with State of New Jersey and University procurement policy. In addition to validating quotations obtained whenever applicable, OUPBS must also ensure that vendors provide the following certification and registration documentation required by the State of New Jersey:

For all purchases – The vendor must supply:

- **W-9 Form Request for Taxpayer Identification Number and Certification** for all purchases (W-8 Form for all foreign entities) regardless of dollar amount. Typically, a form shall be furnished only once every couple of years, unless a change in vendor name, Taxpayer Identification Number, or a tax status occurs and must be updated in vendor database.

At \$5,160 and above – The vendor must also provide:

- **New Jersey Business Registration Certificate** for any and all purchases whenever a vendor reaches a dollar threshold of \$5,160, except for non-profit entities. This is applicable to cumulative value of all purchase orders issued to an individual or company in a given fiscal year, university-wide.

At \$17,500 and above – The vendor must also comply with:

- **Public Law 2005, Chapter 51** (formally Executive Order 134, Pay to Play), Public Law 2005, Chapter 271 and Executive Order 117; and
- **Equal Employment Opportunity** N.J.S.A. 10:5-31 and N.J.A.C. 17:27.

Competitive Bidding Thresholds

All University purchases must be made in accordance with these University Procurement and Contract Policies and Guidelines regardless of the source of funds. A standard set of bid and justification procedures is required to properly document all purchases to comply with applicable Federal, State of New Jersey and University requirements. The Office of University Procurement

and Business Services will determine when competitive bids for goods or services are required by estimating the value of the request and by reviewing the specifications and delivery requirements. The bidding threshold guidelines are as follows:

Level 1. Under \$6,800.00 – Documentation of competitive bids or quotes is **not required**. University staff must use good judgment to ensure that the best value is obtained on all purchases, price and other factors considered.

Level 2. From \$6,800.00 but less than \$34,400.00 – Three (3) **written** quotes are required. The quotes must be obtained by the requisitioning Department and submitted to University Procurement and Business Services using the **Competitive Quote Form**. All written quotes must be attached to the Competitive Quote Form upon submission. OUPBS will maintain the files and provide the documentation when requested during audits.

Level 3. From \$34,400.00 or above – A public **advertised bid** must be issued by University Procurement and Business Services.

Bidding Exceptions

Bidding requirements will be satisfied if the purchase is made through an existing contract established as a result of a public advertised bid issued by any of the following: The State of New Jersey Division of Purchase and Property, any municipality or county in the State of New Jersey, any State of New Jersey public college or university, the Federal Supply Schedule of the General Services Administration (GSA), or a nationally recognized purchasing cooperative lead by a government agency.

OUPBS may waive the competitive quote requirement for Level 2 purchases if the collection of bids is impractical, or if there is an emergency situation that affects the safety, health or well-being of the University community. In such cases, a detailed explanation must be submitted to OUPBS with a requisition. In instances when it may be deemed impractical to obtain written quotes for purchases such as memberships, subscriptions, speaker or performer fees, or other sole source items, a Sole Source Justification Form must be completed and submitted to OUPBS with a requisition.

Sole Source Justification

A Sole Source purchase is one where there is only one supplier able to provide an item or a service, and therefore, it is not possible to obtain competitive bids. The following are required prior to determination and approval to utilize a Sole Source supplier:

1. The requisitioning department has completed the Competitive Bid and Sole Source Justification Form.
2. OUPBS has reviewed the Sole Source Form for its validity and applicability.

OUPBS may deny a Sole Source Form submittal, especially if a competitive source or active supplier for the same product or service is currently in Colleague. In order to waive the competitive bidding requirement, the faculty or staff member requesting the exemption must provide OUPBS with a detailed written explanation as to why competitively bidding the product

or service would be impracticable and the cost charged by the supplier is reasonable and customary or compelling. Such requests should include specific technical requirements of the product or service and supportable evidence that due diligence has been performed in an objective market analysis. OUPBS reserves the right to negotiate pricing or to solicit additional information, and remains the final Kean University authority on all procurement decisions.

Bid Waivers

Bid Waivers for Level 3 purchases with a value of \$34,400.00 or above require authorization by the Board of Trustees. All requests for waiver of public advertising and bidding must be approved by the Office of University Counsel. Department seeking a bid waiver must complete a Request for Waiver of Public Advertising and Bidding form and submit to the Office of University Counsel at least thirty (30) days prior to the Board of Trustees meeting

Bid Waivers expire at the conclusion of each fiscal year (July 1- June 30) regardless of when the Waiver may have been issued or authorized during a fiscal period. If the approved total dollar amount on the Bid Waiver is not utilized during the designated fiscal year, the funds cannot be transferred into a successive fiscal year. A new Bid Waiver request must be generated.

Due Diligence

While formal bidding is not required for a bid exception or a waiver, University staff are reminded that due diligence is necessary to ensure that the University obtains the lowest optimal cost, price and other factors considered, including University's goal of utilizing small, minority, or women-owned businesses as part of the University's commitment to regional economic development.

Sustainable Purchases

Kean University is committed to providing a safe and healthful environment for its students, employees, visitors and surrounding local community, and strives to manage its operations in an environmentally sustainable and responsible manner. The Office of University Procurement and Business Services encourages the use of products that minimize adverse environmental and health effects and takes into consideration costs associated with full product life cycles.

V. KEAN UNIVERSITY AUTHORIZED METHODS OF PROCUREMENT

There are four (4) currently authorized methods for procuring goods and services at Kean University. Each of the below listed procurement methods follow specific approval workflows link and has its own strengths:

Purchase Order

A purchase order contract is legal document governed by the Law of Contracts and the Uniform Commercial Code of Law (UCC). A properly executed Purchase Order constitutes a Kean University authorized contract between the University and a supplier for goods or services that is

binding on both the University and the vendor. University terms and conditions are also part of all contracts.

E-Procurement

E-procurement is the business-to-business purchase of supplies over the Internet. Currently, the University has made e-procurement available through Amazon Business. Their web site is a marketplace allowing qualified and registered users to look for goods and services. A more complete implementation of e-procurement through Amazon Business is currently being assessed to be integrated into Colleague providing a true purchase-to-pay process.

Kean University Mastercard Purchasing Card

The University travel card is a bank-issued credit card which allows Kean University authorized cardholders the ability to purchase materials and some services needed for the operation of their departments directly from a supplier. The University travel card is a combination of two programs— limited to senior administrative personnel, other select users and the University Travel Program. The University travel card is designed to be used only when approved by the VP level cardholder.

Travel Agent

The University's travel agent is Direct Travel. Select travel is approved through a BT (Blanket Travel) form. Once the required administrative and ethics approval is received, the user is able to book travel (air and rail) directly through the Concur portal. The use of this portal streamlines travel process and allows approved travel to be booked and paid for using the University travel card assigned to the travel agent. More information on Kean University travel process is available on <https://www.kean.edu/offices/human-resources/travel-manual>

VI. PURCHASE ORDER TYPES

Standard

A Purchase Order (PO) clearly identifies a supplier to which the scope of particular goods or services are purchased. At minimum, it should include the supplier's name, date of requested delivery, manufacturer, model number, description of item(s), quantity and line items pricing information. In addition, it must include the name of the requesting department, and must be signed by a Kean University authorized buyer. A reference to the acceptable Terms and Conditions to the Purchase order and an unsigned proposal or Statement of Work by the supplier should be adequate for most Purchase order requirements at Kean University.

Blanket Purchase Order (BPO)

A special type of purchase order that should be used for repetitive purchases from one supplier of goods or services which may include multiple shipments or instances of service. Additionally, BPOs are also recommended for membership subscriptions, Bid Waivers, and all known or anticipated recurrent billing throughout fiscal year. BPOs should include all requirements for a standard purchase order with the addition of the following items:

- Clear indication of the purpose of the blanket, (ex. for office supplies, professional services, etc.)
- Scope of goods or services to be included
- The period of performance or length of the BPO
- Not To Exceed amount for the blanket (ex. Bid Waiver amount)

Note: BPO can only have one (1) line item.

Once a BPO is issued, the department is responsible for the following actions:

- place an order with the company using assigned BPO number as reference
- arrange delivery of goods/services,
- monitor expense balances
- reach out to OUPBS for increase/changes/modifications
- once invoice(s) is received, approve and send invoice(s) to General Accounting (AP) with name of end user, name of department, correct BPO number and note of approval for payment

Note: Change orders to existing BPOs should only occur when adding no more than 20% of the original value of the BPO and should be done with a written approval from AVP of OUPBS.

At the end of the period of performance, or end of fiscal year (06/30/20XX), or when funds are all used up all BPOs will be closed.

Prepayment

When a good or service is to be paid for *in advance* of when they are actually received or rendered, prepayment purchase orders may be requested. Typically, Kean University contracts with suppliers using net terms or payment after services are rendered. Occasionally, a situation may arise when a check must be presented upon receipt of goods, or prior to receiving the items ordered or services rendered. To request a prepayment, the requisition must clearly state that payment must be made in advance and any supporting documentation should be attached (ex. an order form, quote, pro forma bill). This category includes, postage, conference or subscriptions, or other one-time, up-front purchases if required by the supplier.

Change Orders

Upon written receipt of Kean University request to make any changes within a purchase order prior to invoicing and payment, OUPBS will contact the supplier to make the necessary changes. If the order can be changed, a modification to the original Purchase order will be issued. In the event the item has already shipped, OUPBS will communicate the alternatives available to the end user. Change orders should not exceed 20% of the original value of the order or task.

VII. PURCHASE ORDER TERMS AND CONDITIONS

The Kean University General Terms and Conditions and the Purchase Order shall constitute the complete and exclusive statement of the “Agreement” between the University and the supplier with respect to the purchase of any goods. To the extent that supplier terms and conditions conflict with the Kean University’s Terms and Conditions, the latter shall control. Moreover, the Kean University General Services Terms and Conditions shall govern the purchase of services for the University. A copy of the relevant Kean University Terms and Conditions are referenced with all valid Kean University Purchase Orders.

Some suppliers may also require accompanying terms, conditions, agreements or forms. In all cases these documents are to be reviewed and signed by OUPBS; however, they may also be co-signed by an appropriate representative of the using departments as allowed by OUPBS and legal counsel.

All documents without a Kean University authorized University signature will be considered invalid and not binding upon the University.

Payment Terms

Net 30 days, or Net 30 is the standard payment term used within the industry and should be the minimum terms agreed to for payment from Kean University to any supplier. Net terms of longer than 30 days are advantageous to Kean University and will be secured if possible. Deposits and other arrangements within Net 30, (ex. 2%, Net 10), are not considered standard and will be renegotiated if not known at the time the supplier has been hired.

VIII. STRATEGIC SUPPLIER SELECTION AND TYPES OF SUPPLIERS

It is important that good business relations be maintained between the University and its suppliers. Direct contact between suppliers and departmental personnel is encouraged to discuss technical aspects of goods and services. However, the Office of University Procurement and Business Services is responsible for obtaining firm and final prices. Existing Strategic, Small, Minority, and Women owned business suppliers should be used before any new suppliers unless there is a compelling business reason to use a new supplier.

There are several types of suppliers as defined below:

Strategic Supplier

The University has established a number of long-term, competitively awarded Strategic Supplier partnerships for the supply of goods and services to the University. These agreements are competitively negotiated to streamline the purchasing process for commonly purchased items and to achieve the best value for the University by consolidating expenditures with fewer suppliers. All faculty and staff should use Strategic Supplier agreements whenever possible. The University actively manages these relationships through regular meetings with suppliers, measurement of key performance indicators and the follow-up of any complaints. University

faculty and staff are encouraged to report any concerns relating to pricing or service to OUPBS for investigation and action.

Sole Source Supplier

A single supplier is exclusively capable of providing specific item or service, and therefore, it is not possible to obtain competitive bids. Must follow protocol as outlined under section **Sole Source Justification** and records will be kept on file with OUPBS.

Set Aside Contracting Program – SBE, MBE and WBE Suppliers

Kean University, in conjunction with the New Jersey Department of Commerce & Economic Growth Commission in Trenton has established a Small, Minority and Women-owned Business Enterprise, also known as an SBE, MBE and WBE respectively, procurement program in the State of New Jersey. The goal of this program is aimed at stimulating the growth of SBE's, MBE's and WBE's by encouraging their participation in all phases of the procurement activities at Kean University. The targets are to award 25% of the dollar value of contracts to eligible small, minority and female-owned businesses.

The Office of University Procurement and Business Services attends conferences and trade shows supported by Small, Minority and Women-owned businesses in order to explain the University's bidding process. Ordering departments are also encouraged to be aware of this commitment by Kean University and they are encouraged to utilize these suppliers whenever possible.

Active Supplier

A vendor in the Colleague System tagged as active. No negotiated discounts or special pricing are known to exist with this supplier.

Inactive Supplier

A vendor in the Colleague System and tagged as inactive. No negotiated discounts or special pricing are known to exist with this supplier. Supplier has been inactivated because Kean University has not been used this vendor for two (2) or more years and/or OUPBS, Accounts Payable or General Counsel has designated them as such.

New Supplier

A vendor not in the Colleague System and no competitive or special pricing is known to exist with this supplier. A W-9 form (or a W-8 form for foreign entities) and any additional required documentation will be needed to add this type of supplier to the Colleague system.

Unsatisfactory Supplier/Bidder Performance

The goal of University Procurement and Business Services is to award contracts to responsible bidders who meet all bid specifications. Unsatisfactory supplier performance must be described in writing and forwarded immediately to the AVP of OUPBS. Suppliers that fail to perform to an acceptable level will be removed from the bidder's list. The final authority for supplier removal

from the University bidder's list remains with the Associate Vice President for Administration and Finance.

IX. DELIVERY OF GOODS AND RECEIVING PURCHASES IN COLLEAGUE

Deliveries must be made directly to the location specified on the Purchase Order. All packaging should be carefully examined for any visible evidence of damage, particularly if the purchase is fragile or costly.

For all fixed asset deliveries routed through Central Receiving, the date the order was received, the name of the supplier, the quantity received the Purchase Order number, serial number, manufacturer's model number and back order information if available will be noted in Colleague. The receiving and Purchase Order information will be checked against the invoice to make sure that the quantities received are the same as the quantities being invoiced.

X. COMPETITIVE BIDDING

Bids must be solicited whenever goods and services can be purchased from multiple sources to promote competitive bidding. However, prior to soliciting competitive bids, the requestor should check with OUPBS to determine if the required product or service is available from an existing supplier. The benefit of using an existing Strategic Supplier is that the competitive bidding process to secure the least total cost has already been completed by working with OUPBS. The University's competitive bidding requirement is waived when a purchase with an aggregate value of \$6,800 or more is made from a Strategic Partnership Supplier, for example W.B. Mason, the University's office supplier.

For all other purchases where a Strategic Supplier is not utilized, quotations are recommended, but not required for purchases totaling \$6,799.00 or less in value. A minimum of three written quotations are required for requests totaling \$6,800.00 or more. Those items considered sole/single source or proprietary must be properly justified and confirmed by OUPBS to waive the competitive bid requirement. Quotations for requirements over \$6,800 must be in written form. All pricing and other information furnished by the supplier during the competitive bidding process must remain confidential.

When requesting formal quotations from potential suppliers, OUPBS is required to secure terms and conditions that are favorable to the University and the ordering department. Any "agreement" between the University and a supplier is not bound or valid until OUPBS has issued a valid Purchase Order for the goods and services OR has signed off on a valid contract with favorable terms and conditions for the University. Examples of waving the competitive bidding requirement include:

- Equipment for which there is no comparable or competitive product
- A component or replacement part for which there is no commercially available substitute, and which can be obtained only from the manufacturer and/or a manufacturer's distributor
- An item where compatibility is the overriding consideration, such as computer operating software enhancements for an existing system

- A supply, equipment, part, service or supplier that, due to technically constraining factors associated with scientific research, are needed to ensure the fairness and validity of the underlying research
- Repair/replacement parts for sole source or manufacturer-specific and warrantied equipment
- Continuation of an existing contract when work is so closely related to that of the uncompleted basic contract that it would not be feasible to consider another potential

For purchases under \$34,400, where there is no strategic supplier in place, the department offers the following guidelines when soliciting quotations directly from potential suppliers:

- Each potential bidder must receive the same information and business requirements. Specifications, such as manufacturer name and part number if available, a complete description of desired product(s) and/or services, the delivery location and required-by date must be included in the description.
- A copy of the relevant Kean University Terms and Conditions are referenced with all valid Kean University Purchase Orders.
- Obtain at least three quotations from competent sources of supply.
- Provide a contact name, phone number and e-mail address for suppliers that may have questions regarding the request or requirements.
- Clearly define bid submission instructions and submittal date and time.

XI. BID GUIDELINES AND SPECIFICATIONS

The Office of University Procurement and Business Services issues bid specifications that will permit fair and equitable consideration from qualified suppliers. Specifications should be written as openly as possible to avoid the exclusion of potential bidders. OUPBS must be involved with all competitive bids over \$34,400 from reviewing the RFP to developing the final contract with the supplier and all processes during the sourcing process.

The nature of certain goods and services may make it difficult to formulate specifications. In such cases, the user department may specify a brand name, model number, or item catalog number and should include the words “or equal” as part of item specifications. OUPBS staff members are available to provide assistance to faculty and staff and are required to represent the University in a formal solicitation for competitive bids.

Any alternates offered by the low bidder as “equal” should be reviewed for acceptability by the ordering department and University Procurement and Business Services. If alternates are not acceptable, the department must give written justification for each alternate rejected. This written justification is retained in the bid file and shall be open to the public for review, if requested.

Note: *At no time should any supplier’s proprietary information be shared with another supplier.*

Responsible Bidder

A. A manufacturer, producer, or dealer, or a bona fide manufacturer's agent, regularly employed on a salary or commission basis by one or more manufacturers.

B. One who has demonstrated sound judgment and integrity; showing a record of satisfactory performance and a financial status that will not present a risk to the University in its contractual relations.

If the AVP of OUPBS concludes that a bidder lacks the ability to ensure adequate performance, their bid may be rejected even though it is the lowest bid.

Kean University retains the right to reject bids when costs are over budget, when bids do not meet specifications, or when it is in the best interest of the University to do so

Bidding Procedures

The Office of University Procurement and Business Services maintains a list of qualified suppliers in most commodity areas and is responsible for selecting suppliers. User departments also may recommend suppliers; however, OUPBS has the final authority to select the supplier for any purchase.

Pre-bid conferences or mandatory site-inspections may be conducted when it is apparent that due to complexity of the request for goods or services, additional clarification is needed by suppliers.

Bids opportunities are advertised in the Star Ledger and are posted e-bidding site:
ebidding.kean.edu

Once bids have been received, proposals will be analyzed to determine the supplier(s) able to meet all business and delivery requirements, at the most competitive cost. No proposals should be signed by end users. Once a successful supplier has been selected, OUPBS will issue a Purchase Order and attach an unsigned proposal for pricing and description information only. OUPBS has templates for the above referenced RFP/Q/I documents. More information on formal requests and any templates needed that may assist requesting department is available through OUPBS.

XII. ON-SITE WORK / INSURANCE REQUIREMENTS

Outside organizations are required to provide evidence of commercial general liability insurance and to name the University as an additional insured on the organization's insurance policy in order to be permitted to conduct business on University property. All such arrangements require a written contract or Purchase Order with the University. Risk Management falls under the UOPBS to ensure that proper insurance requirements are in place before any on-site work begins.

XIII. KEAN UNIVERSITY UNAUTHORIZED PURCHASES

Any individual, who has not been delegated procurement authority, and makes a Kean University unauthorized purchase of goods or services may be held personally responsible for payment of the charges incurred. This determination will be made at the discretion of the VP for Administration and Finance, the President, or AVP of the Office of University Procurement and Business Services.

Federal and State of New Jersey laws provide that individuals who do not have delegated Kean University authority, and who enter into any Kean University authorized agreements, may be held personally responsible for the cost of the goods or services purchased. Accordingly, any, and all, vendor forms of agreement, such as quotations, proposals, contracts, leases, letters of intent, memorandums of agreement, and any other document containing or referring to a supplier's or the University's terms and conditions, must be sent to OUPBS for review and signature.

Office of University Procurement and Business Services has a checklist of basic agreement requirements, as well as standard University contracts and contract guidelines for reference to a variety of typical business situations.

Unapproved Departmental Expenses

University funds may only be used for purchasing items that are not restricted University expenditures.

Personal Purchases

OUPBS will not facilitate or approve any transaction for purchases of a personal nature. Requisitions and vouchers containing items which appear to be of a personal nature will be questioned by OUPBS and will be returned to the requisitioner if the purchase is inappropriate.

XIV. SALES TAX

Kean University is an instrumentality or political subdivision of the State of New Jersey and is exempt from Sales and Use Taxes, pursuant to Section 9 (a)(1) of the New Jersey Sales and Use Tax Act (N.J.S.A. 54:32B-1 et seq.). Other taxes such as entertainment tax, luxury tax, property tax and excise taxes are not exempt. Upon request, the Office of General Accounting will furnish a copy of the University's tax exemption certificate with the Purchase Order.

XV. CONFLICTS OF INTEREST

Employees of Kean University who act on its behalf have an obligation to avoid activities or situations which may result in a conflict of interest or the appearance of conflict of interest. Employees must not use their University positions to influence outside organizations or individuals for the direct financial, personal or professional benefit of themselves, members of their families or others with whom there is a personal relationship.

XVI. GIFTS AND GRATUITIES

In order to avoid a conflict of interest or the appearance of a conflict of interest, at no time should an employee solicit or accept gifts from a supplier, contractor, or from a potential supplier or contractor. All gifts or "free" items received in conjunction with a purchase are perceived to be University property. As such, they must either be used within the department or forwarded to surplus property. Gratuities or gifts of money to a University employee cannot be accepted at any time.

XVII. CAPITAL EQUIPMENT

The University policy is to capitalize all equipment, either moveable or fixed, with a unit acquisition cost of \$1,000 or greater and a useful life of two years or more. Acquisition value includes the cost of the equipment and any associated costs incurred to make the equipment usable for the purpose for which it was intended, including installation costs. OUPBS affixes bar coded tags to the asset equipment prior to delivery to the end user. In some cases, OUPBS issues bar coded tags to the asset's owner for affixing to the equipment.

XVIII. SURPLUS

Equipment no longer in use must be turned over to the Surplus Management Program in order to update University capital asset records and redistribute equipment to other departments if possible, or if no longer needed by the University make provisions to sell, donate, or scrap the item(s). OUPBS manages this program primarily through GOVDEALS.COM to ensure the University acquisition, funding and disposal regulations are met.

XIX. EQUIPMENT MAINTENANCE AND SERVICE AGREEMENTS

Computers, scientific, diagnostic and testing equipment, hardware, software, and other facilities and specialized equipment require on-going periodic maintenance after warranties expire. One of the primary benefits of negotiating a service agreement with the manufacturer is that the manufacturer has ready access to the parts and factory trained personnel required to maintain or repair the equipment.

New Equipment

If the equipment purchase is a one-time buy, service and maintenance requirements should be addressed in the bid or during negotiation process with the supplier. In evaluating RFQs and RFPs, costs for service and maintenance should always be considered as part of the total price of the equipment. The Life Cycle Cost of the equipment includes purchase price for the equipment and the cost of service/maintenance extended over the useful life of the equipment – usually more than three (3) years. If the equipment will be rented or leased, the service coverage offered as part of the rent/lease program should be reviewed for adequacy.

Developing Service/Maintenance Agreement Requirements

In order to develop a successful service or a maintenance agreement for new or previously purchased equipment, (including any cloud software solutions), the scope of the work must be fully described in order to avoid any misunderstandings or unsatisfactory levels of service. Terms and conditions that should be agreed upon between the buyer and supplier include: *working hours labor; included services (what the supplier is obligated to do) and service levels; excluded services (what the supplier is not obligated to do); warranty; any and all included and excluded parts; Service Level Agreement (including response times and performance uptime guarantees to understand what will happen if response times are not met); loaner equipment; and appropriate insurance coverage.*

Acceptance – The equipment is expected to conform to certain performance specifications and should be tested before the buyer/end user Kean University authorizes payment to the supplier.

Warranties – Warranties should begin from the date of acceptance of installation and training. They are typically 90 days for software and one (1) year for hardware and services, usually provided by the manufacturer, but can also be offered by the distributor. The equipment should be operational and personnel must be fully trained. The buyer should avoid taking partial shipments and risk warranties on components expiring at different times. If the equipment is to be stored, arrangements must be made with the supplier for an extended warranty or have the supplier activate the warranty after the equipment has been installed and tested; otherwise, the warranty may expire before the equipment is up and running. Buyers may find an extended preventative maintenance agreement more cost effective than whatever discount terms offered by the supplier.

XX. EMPLOYEE REIMBURSEMENT EXPENSES

OUPBS is responsible for processing requests for approved employee mileage reimbursement and serves as institutional liaison between Kean University community and General Accounting (Accounts Payable) department.

XXI. AUXILIARY SERVICES

The Office of University Procurement and Business Services acts as an institutional liaison with the major vendors that provide such services to the University, including food services, campus bookstore, vending machine services. The OUPBS also serves as a resource with regard to travel and risk management.

APPENDIX I

PURCHASING AND CONTRACTS TERMS AND DEFINITIONS

ACKNOWLEDGEMENT – A confirmation, either directly by a Supplier or indirectly by a Supplier's performance, that the terms of a Purchase Order or Contract are agreeable.

BLANKET PURCHASE ORDER (BPO) – Should be used for repetitive purchases or for recurrent billing from one supplier of goods or services, which may include multiple shipments or instances of service.

COLLEAGUE – The enterprise financial system used by Kean University, formerly Datatel and now owned by Ellucian.

CONSORTIUM – Two or more independent organizations that join together for the purpose of combining their individual requirements for purchased materials, services, and capital goods to leverage more value-added pricing, service, and technology from their external suppliers than could be obtained if each firm purchased goods and services alone.

CONTRACT – An agreement between two parties containing all the terms and conditions of that arrangement including an offer, acceptance, consideration and a legal means.

INVOICE – Legal request for payment.

NON-DISCLOSURE AGREEMENT (NDA) – A legal contract made between two or more parties which outlines confidential material, knowledge, or information the parties wish to share with one another for certain purposes, but prohibits both parties from sharing this information to a third party. An NDA, which can be unilateral or bilateral, creates a relationship between the parties to protect any type of confidential and proprietary information or trade secrets, and protects nonpublic business information.

PACKING SLIP – Acknowledgement from supplier describing the items and quantities shipped.

PREPAYMENT – When a good or service is paid for in advance of the goods or services actually being received or rendered; also referred to as a *Confirming Order*.

PRIME CONTRACTOR – Main party responsible for a contract. Works directly with the owner of a project or job and has full responsibility for its completion. A prime contractor undertakes to perform a complete contract, and may employ (and manage) one or more subcontractors to carry out specific parts of the contract. The prime contractor may also be referred to as the main contractor.

PROFESSIONAL SERVICES AGREEMENT (PSA) – An offer and acceptance in writing between two parties to provide professional or management consulting services such as administration, designing, translation, develop reports, or technical advice.

PROPOSAL – the act of offering or suggesting something for acceptance, adoption, or performance.

PURCHASE ORDER (PO) – A PO (also known as Purchase Agreement) is a commercial document issued by a buyer to a seller and is used to control the purchasing of products and services from external suppliers. It indicates the types, quantities, and agreed prices for products or services the seller will provide to the buyer. Sending a purchase order to a supplier constitutes a legal offer to buy products or services. Acceptance of a purchase order by a seller usually forms a contract between the buyer and seller. No contract exists until the purchase order is accepted. A Kean University Purchase Order includes Kean University General Terms and Conditions, and may include Supplemental Terms and Conditions, Specifications, Drawings and Change Orders.

PURCHASE REQUISITION– A precise document generated by an internal or external department to notify the OUPBS of order items needed, including the quantity and the time frame the items are needed. It also contains the Kean University’s authorization to proceed with the purchase.

QUOTE – A proposal showing line item pricing.

REQUEST FOR INFORMATION (RFI) – A solicitation requesting additional information about a service or product.

REQUEST FOR PROPOSAL (RFP) – A written solicitation requesting proposals as to how the supplier would address the need(s) identified in the specifications, and the price that will be charged. Price is not always the determining factor; items for consideration often include special capabilities or technical expertise for specific commodity or service(s) sought.

REQUEST FOR QUOTE (RFQ) – A solicitation requesting a price to provide a specific item or service.

REQUISITION DATE – The date the requisition is entered by the requisitioner.

REQUISITIONER – An individual within a department who is requesting a purchase.

RISK MANAGEMENT – The management process by which the University protects assets and reduces financial, operational, technological, and reputational risks.

RMAP (Risk Management Action Plan) – A way for project managers to identify, analyze, plan, and control potential risks.

SCOPE OF WORK (SOW) – A detailed description of the product or service being requested; the SOW may also be considered a proposal.

SOLE SOURCE – A single supplier is capable of providing an item or service, and therefore, it is not possible to obtain competitive bids.

STATEMENT – List of outstanding invoices containing debits and credits provided by the supplier of items or services ordered by or on behalf of Kean University. A Statement is not an invoice.

STRATEGIC SUPPLIER – A supplier(s) who has been chosen by the University through a competitive bid process to essentially be an exclusive supplier of Kean University, and should be used in place of all other suppliers (ex. WB Mason for office supplies).

SUBCONTRACTOR – A contractor hired by a prime or main contractor to perform a specific job within an overall project.

VENDOR – A supplier of goods or services.

APPENDIX II

DEPARTMENT FORMS

NJ BRC – New Jersey Business Registration Certificate.

NJ Tax Exempt Form - This form is Kean University's tax exemption certificate for New Jersey. A copy of this form can be provided to suppliers to verify Kean University's tax exemption status.

Competitive Bid & Sole Source Justification Form - This form is used to justify a single OR sole source of competitive bid by low bid or best value.

Request for Bid Waiver of Public Advertisement and Bidding - This form is used to request a waiver of public advertisement and bidding for Level 3 purchases with a value of \$34,400 or above, and requires authorization by the Board of Trustees.

W-9 Form Request for Taxpayer Number and Certification - IRS required form to ensure compliance with information reporting requirements. Every payee must have substantiated tax information before any payment will be issued.

W-8 Form - IRS required form for foreign individuals and entities/non-US entities and Individuals to ensure compliance with information reporting requirements. Every payee must have substantiated tax information before any payment will be issued.