Procurement Procedures

Procurement Services (PS)

7.0 RESTRICTED PURCHASES

7.21 Internet Purchasing

A. Purchases

When purchasing goods through an Internet Auction environment, the first action must be to ensure that the transaction meets Federal and University rules and regulations and, to the extent possible, that any risk of loss has been eliminated. Procurement Services discourages the use of E-Bay or other similar internet auction services for the purchase of items utilizing a federal funding source. If a staff or faculty member has an interest to initiate a purchase through a company which acts as a venue to allow buyers and sellers to interact (make offers, buy, sell, pay or collect funds in either a fixed-price or auction-style format), the following factors are to be reviewed prior to the execution of the transaction.

- Buyer Verification
- Security
- Payment Method
- Market Value
- Knowledge of Seller
- Product Condition
- Property Accounting
- Sales Tax
- Shipping
- Warranty
- Receipts
- Returns
- Documentation Requirements

Buyer Verification: Only a person appointed by a department head or Business Manager and authorized by the Director of Procurement Services may procure
goods and services in the name of the University for departments, faculty and staff. This person must be trained and certified to initiate and administer purchase orders in the Oracle System, or execute and reconcile purchases within the Tartan Trust Card Program.

Security: Although Internet purchases are not encouraged for obvious security reasons, if this is your only option, you should take precautions and use sites that utilize a Secured Sockets Layer (SSL). SSL is a technology for encoding information transmitted over the Internet. To check a site’s security status, look at the site’s URL in your browser window. An “s” added to the familiar “http” (to make “https”) indicates that a SSL is in effect. Another way to tell is to look for a lock or key, which will appear in the lower right or left-hand corner of the status bar on your screen. This indicates the security mode.

Payment Method: Buyers may make payments to Suppliers via University Check, Tartan Trust Card (including Tartan Trust Card payment via Pay-Pal) and Electronic Payment through Automated Clearing House (Electronic Funds Transfer)

Market Value: Buyer is to provide documentation that validates a market-value ceiling for bidding purposes. Further, this documentation must be provided with the submission of the Purchasing Checklist and Bid Summary Form, as required.

Knowledge of Seller: Buyer is to obtain documentation about the known integrity of the seller. Again, this documentation must be provided with the submission of the Purchasing Checklist and Bid Summary Form, as required.

Product Condition: Buyer is to make every reasonable effort to assure the current condition of the item(s) to be purchased. Most equipment sold is "as is" and despite representation, it is virtually impossible to recover funds once an item is bought. The buyer should physically inspect the equipment when possible. Purchases of used equipment are allowable if determined by departmental management to be in the best interest of the University. A determination should be made on a case-by-case basis that the purchase of used equipment is the best “overall” value for the University, taking into consideration a number of key variables which affect the total cost of the equipment.

The purchase of a used item presents some unique variables that should be considered before purchasing. The requesting department should first identify the minimum specifications required, and then identify the specific used item that is acceptable. All used items in consideration should be in excellent condition. The requesting department should apply their best efforts to determine that the purchase of the item would be in the best interest of the University and be prepared to document their conclusion via the “research” they have conducted. This might include: Investigation of websites to find the
market trend for used item, or quotes for similar used item, or contact known item suppliers, brokers, or colleagues to establish a fair market value.

Criteria to consider in making the determination of purchasing “used” versus “new” item:

1. Manufacturer or brand, type, use and life expectancy of “new” versus “used” item.
2. The purchase price of “new” vs. “used” item, and Used” vs. “used” item. (Compare at least 2 used item quotes).
3. Risks presented by “used vs. “new” item (e.g. Possible contamination from prior usage, modification of item that might pose safety hazards, etc.)
4. The relative price and general condition of used item.
5. Warranty offered for “used” vs. “new.”
7. Payment terms.
8. Consideration of the freight charges and F.O.B. Point.

Property Accounting: The government requires the University to procure, use and control property in accordance with federal laws, executive orders, instructions from the federal sponsoring agency and any special instructions contained in a specific grant or contract. It is the Buyer’s responsibility to be cognizant of the University’s Property Accounting policies and procedures. Further, the Buyer is reminded that the purchase of capital equipment is prohibited with a Procurement Card.

Sales Tax: It is the Buyer’s responsibility to be familiar with the University’s sales tax exemptions and to be aware that the University’s policy regarding sales tax is that it is often not reimbursable.

Shipping: The exchange of funds for fulfilling the shipping is also a risk factor. The University is somewhat guarded through the use of the Procurement Card and the process to dispute charges through our Card Provider. However, the loss would not be enough for the Attorney General's Office to intercede with a claim against an individual. For this reason, Procurement Services would suggest completing a transaction with only sellers who will accept a credit card.

Warranty: Procurement Services, through our Purchase Order Extended Terms and Conditions, requires Sellers to warrant to the Buyer that all items delivered will conform to the requirements and specifications and will be merchantable, of first class materials and workmanship, free from defects including defects in design and fit, and suitable and sufficient for the intended purposes. Buyers are requested to present the University’s Terms and Conditions to Sellers and obtain their written acceptance. In the event that a Seller is unwilling to accept the University’s Terms and Conditions, the University has little recourse to resolve the matter with the Seller. Buyers are encouraged to consider the
purchase of warranty services when available for purchases of this nature. At a minimum, Buyers should inquire into the warranty terms offered by the Seller.

NOTE: Procurement Services will not resolve disputes or problems that may arise from internet auction purchases.

Receipts: The buyer is responsible for record keeping and validation of expenditures for all purchasing transactions. Buyer shall verify actual charges correspond with sales documentation.

Returns: In most instances, Suppliers will cooperate with the Buyer in the event that goods purchased need to be returned for exchange, replacement or credit. If you need to return a purchased item for any reason, please contact the Supplier to make arrangements. Please be cognizant that an individual functioning as a company presents a greater risk to the University in the return process.

In the event the return is authorized and received by the supplier through a Procurement Card transaction, a credit will be issued and will require verification in the Oracle SSA, as well as reconciliation and submittal of receipt package and documentation. Re: Please refer to Procedure 3.3 Procurement Card Program Policy Statement section titled Internal Controls.

Documentation Requirements: Buyers should retain a copy of the shipping documentation with the transaction file in the event that further follow-up action is required. Buyers shall meet the documentation requirements defined within this manual and as identified in Section 8.7 Purchasing Checklist and Bid Summary Form and the Buyer Actions Matrix.

B. Sales Prohibited

The sale of goods through an Internet Auction site is strictly prohibited. The Procurement Card may not be used to establish a PayPal or similar account with the intent to sell items through an Internet auction site. The consequences for taking such actions are serious, and may include Procurement Card suspension, card revocation, disciplinary action, employment termination and legal action.