

Carnegie Mellon University

Finance Division

Procurement Manual

Version 1.1

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1.0 Introduction

1.1 Overview

These guidelines identify the procedures applicable to purchasing goods and services at Carnegie Mellon University to be compliant with the university [Purchasing Policy](#), promote good business practices, and ensure federal government and/or sponsor requirements are met.

Compliance with the procedures contained herein provides an efficient, effective and consistent purchasing process and allows the university to achieve procurement related goals and demonstrate compliance. Buyers should also be familiar with the procedures of their department, as well as observe the requirements of any sponsor funding agreements, including those supporting international initiatives branch campuses.

1.2 Audience

The university Purchasing Policy and Procurement Manual procedures apply to all employees and any personnel responsible for the acquisition of goods and services for the university.

1.3 Contact

Procurement Services
Carnegie Mellon University
4516 Henry Street
Pittsburgh, PA 15213

<https://www.cmu.edu/finance/procurementservices>
procurement-inbox@andrew.cmu.edu

1.4 Related University Policies, Procedures, Documents and Departments

- [Business and Travel Expense Policy](#)
- [Code of Business Ethics and Conduct](#)
- [Compliance with Financial Conflict of Interest Requirements in Research Policy](#)
- [Conflict of Interest/Commitment Policy](#)
- [Finance Forms](#)
- [Financial Records Retention Policy](#)
- [Foreign Corrupt Practices Act \(FCPA\)](#)
- [Gift Acceptance, Counting and Reporting Policy](#)
- [OANDA](#)

- [Office of the General Counsel Guidance](#)
- [Petty Cash Policy](#)
- [Property Management Policies and Procedures](#)
- [Purchasing Policy](#)
- [Responsibilities for Managing University Financial Assets Policy](#)
- [Signature Authority for Legally Binding Commitments and Documents Policy](#)
- [Subcontracts Team Overview](#)
- [Supplier Directory](#)
- [Supplier Information Form – International](#)
- [Supplier Information Form – U.S.](#)
- [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)
- [University Contracts Office](#)

1.5 Overview of Purchasing at the University

At Carnegie Mellon University, most tactical buying decisions are made by faculty and staff in the schools and departments, while policy and strategic sourcing decisions are made through the centralized Procurement Services. The university expects employees and personnel responsible for the acquisition of goods and services for the university with funds held in the custody of the university to make sound purchasing and contracting decisions that conform to all relevant policies and procedures.

1.6 Definitions

a. Accounts Payable (AP)

Department within the Finance Division responsible for processing supplier invoices, credit memos, check requests, travel and non-travel expense reimbursements.

b. Acknowledgement

A written confirmation of a sales agreement that the supplier sends to the buyer. Document could alter agreed upon terms and conditions.

c. Agency Funds

Agency funds (entity 95) are funds raised by and managed by the club/group; schools act only as a custodian. Appropriate personnel determines the funding source and advises club/group leadership regarding which funding source to use for any student activity cost based on club/group agency fund balances.

d. Approver

An individual who has been granted purchase approval authority and ensures compliance

with university procurement and financial policies.

e. Blanket Order

A purchase order placed in Oracle with a supplier for goods and/or services that covers a predetermined period; often includes pre-negotiated fixed prices or discounts associated with specific groups of items.

f. Buyer Code of Ethics

University purchasing ethics that apply to purchases with university entrusted funds.

g. Buyers

Faculty, staff, contractors, temporary workers or students who have been granted purchasing authority after completing required university training. Party which acquires, or agrees to acquire, ownership (in case of goods), or benefit or usage (in case of services), in exchange for money or other consideration under a contract of sale.

h. Card Verification/Reconciliation

A mandatory process whereby the purpose/justification, account string(s), and required documentation are recorded for a card transaction in the university financial system.

i. Cardholder

An employee or personnel authorized to make university purchases/commitments using a university-issued card.

j. Cardholder Agreement Form

An agreement signed by a cardholder attesting that they understand the obligations outlined and those set forth in the Purchasing Policy, and agree to comply with these obligations when using the Card.

k. Category Management

A procurement process, conducted by Procurement Services, meant to ensure greater university benefits from the strategic sourcing and the coordination of purchasing activity, where appropriate.

l. Category Manager

A Procurement Services employee who acts as an agent for the university and a resource for faculty, staff and students; leads product management teams, negotiates Preferred Supplier agreements and resolves supplier-university disputes; advises on university insurance requirements and Non-Preferred Supplier's terms and conditions, when requested.

m. Change Notice

A written documentation of a contractual change reviewed and agreed to by a buyer and supplier, and relevant university departments (i.e., UCO, OGC, Procurement Services, etc.).

n. Competitive Bid

Two responsible and comparable bids (prefer solicitation of three) obtained for a specific purchase; required when a purchase is \$3,001 or greater with a Non-Preferred Supplier and on purchases \$150,000 and above.

o. Competitive Proposals

Procurement method used for purchases \$150,000 and above, which requires formal solicitation for a proposal where the scope of the project does not lend itself to a straight bid. Result in fixed-price or cost-reimbursement contracts and are used when sealed bids are not appropriate.

p. Competitive Threshold

The threshold above which procurements must be sourced to multiple suppliers.

q. Conflict of Interest Disclosure Form

An agreement, signed by an authorized buyer, to identify any known conflicts and adhere to the university's conflict of interest policy when executing their duties as an authorized university buyer.

r. Consortium Supplier

Supplier under one of the purchasing consortiums to which the university belongs, that offers competitively solicited and awarded contracts to university buyers. These contracts offer substantial price discounts and other advantages with no buyer time or effort required to solicit other suppliers. These include Educational & Institutional Cooperative (E&I); US Communities; and COSTARS (Pennsylvania Department of General Services).

s. Contract

A written agreement reviewed by the University Contracts Office (UCO) or Office of Sponsored Projects (OSP) for goods or services that constitutes a binding offer between the university and a supplier. It typically covers as much detail as possible about the agreement, which may include, but is not limited to, items such as the total purchase price, terms, conditions, period and the recourse for either party in the event of a default. A fully executed contract supersedes otherwise applicable university terms and conditions for a purchase and must be signed by an authorized university signatory and an authorized representative from the supplier.

t. Departmental Authorizers

Faculty, staff or students who have purchasing or approval authority within a specified department.

u. Encumbrance

A commitment of university entrusted funds recorded when a purchase order is submitted or approved in the Oracle system. An encumbrance is relieved when a corresponding invoice is entered into Oracle and the actual expense is recognized, or the purchase order or line item is closed.

v. Environmental Health & Safety (EH&S)

The university department responsible for safety, occupational health, fire safety, radiation safety and environmental protection. Certain purchases require notifications to and approvals from EH&S (described in [Section 8.0 Restricted Purchases and Special Procurement.](#))

w. Expense Report (ER)

Detailed log of expenses recorded by an employee or non-employee that is submitted to an authorized approver for reimbursement, recording of expenses or reconciliation of an outstanding travel advance. Approved expense reports generate expense reimbursements.

x. Freight on Board (FOB) Delivered (Destination)

The ownership (title) of goods transfers to the buyer when Carnegie Mellon receives the item. When there is a shortage or damage to the goods, the supplier will be responsible to file a damage claim with the freight hauler. Motor carrier regulations require that claims for damage must be filed/initiated within a short time frame of the receipt of the shipment.

y. Freight on Board (FOB) Shipping Point (Origin)

The buyer takes ownership of the goods at the supplier's dock. When there is a shortage or damage to the goods, the buyer will be responsible to file a damage claim with the freight hauler.

z. Good

An item procured that is tangible; something you can see or touch.

aa. Historically Underutilized Business Zone (HUBZone) Business

A small business located within one or more qualified census tracts, qualified non-metropolitan counties, or lands within the external boundaries of an Indian reservation that appears on the 'List of Qualified HUBZone Small Business Concerns' maintained by the Small

Business Administration (SBA) at <https://www.sba.gov/offices/headquarters/ohp>.

bb. Honorarium

A payment to an individual to confer distinction or to symbolize respect, esteem, or admiration for the recipient. Honoraria are often given in lieu of reimbursing expenses. This should be a one-time event and the recipient should not be an employee of the university. Honorariums should not be used when payment is set by or negotiated with the recipient and given in return for services provided.

cc. Insurance Services

The university department responsible for procuring all institutional insurance, processing claims where applicable, establishing appropriate levels of insurance for suppliers (especially those working on campus) and securing certificates of insurance.

dd. Internal Suppliers

University departments that have the capability to provide goods or services (e.g., bookstore, computer store, facilities management).

ee. International Initiative

An international campus, program, research, dual degree program or entity that exists outside of the U.S.

ff. Kickback

Moneys, fees, commissions, credits, gifts, gratuities, things of value or compensation of any kind which is provided, directly or indirectly, to or by any prime contractor (university and/or principal investigator), prime contractor employee, subcontractor, or subcontractor employee to improperly obtain or reward favorable treatment in connection with a purchase, prime contract or subcontract.

gg. Micro-Purchases

Purchases that are \$3,000 or less that are eligible to use simplified acquisition procedures if the risk and technical complexity does not require a formal solicitation or competitive bidding.

hh. National Association of Educational Procurement (NAEP)

A non-profit professional association primarily dedicated to serving higher education purchasing officers in the United States and Canada to facilitate the development, exchange and practice of effective and ethical procurement principles and techniques within higher education and associated communities.

ii. Noncompetitive Proposals

Procurement method that solicits a proposal from only one source (also known as sole-source or single source procurement) when certain criteria prohibit competition.

jj. OANDA

The exchange rate service the university uses in Oracle Financials System. It is the recommended exchange rate service for currency conversions for all university reimbursable expense reports.

kk. Office of General Counsel (OGC)

The university organization that handles all university legal matters, including litigation, intellectual property, risk management and personnel issues; must also pre-approve the expenditure of any university funds for outside legal services.

ll. Personal Expense

Purchase that is not a bona fide university business expense.

mm. Petty Cash

Relatively small amount of cash kept at hand for making immediate payments for miscellaneous low dollar expenses and/or for university stores or events.

nn. Preferred Supplier

Supplier designation indicating that the university has negotiated commercial and legal terms and conditions in place with the supplier. Use of a preferred supplier for procurements within the Simplified Acquisition Threshold does not require any further competition and documentation.

oo. Procurement Card Verification Report (PRC)

A report created through a mandatory process whereby the purpose/justification, account string(s), and required documentation are recorded for a card transaction in the university financial system.

pp. Procurement Services

The Finance Division department that sets and maintains the university's Purchasing Policy and Procurement Manual, establishes strategic sourcing, designates preferred suppliers, encourages small business utilization, provides guidance on purchase execution, mediates supplier-customer disputes and approves purchases and exceptions as required. Monitors and offers guidance on the proper use and maintenance of the PCard and Travel Card programs.

qq. Property Accounting Services

The Finance Division department responsible for maintaining the university's centralized inventory of all capital movable assets (equipment and furniture) and fixed assets (buildings, renovations, fixtures, etc.), as well as for establishing policies and procedures for recording and using those assets in accordance with federal regulations. Reviews and approves all Equipment Screening Certificates.

rr. Purchase Orders (POs)

Legally binding (with terms and conditions) commercial documents used to control purchasing and to facilitate payments (after a three-way match). Purchase Orders are completed by the buyer, prior to the purchase, and approved via a designated workflow in the university financial system. PO indicates the supplier, types, quantities and agreed prices for the products or services the supplier will provide to the university

ss. Purchasing Card (PCard)

A card issued to authorized employees or personnel to make allowable purchases of goods and services on behalf of the university.

tt. Purchasing Checklist & Bid Summary Form

A form that must be completed by the buyer, which documents the sourcing efforts and/or procurement justification for all purchases between \$3,001 and \$149,99.99 from Non-Preferred Suppliers, or any supplier \$150,000 and above. This form must be attached to the purchase order (PO) or purchasing card (PCard) purchase and acts as formal support for the purchase.

uu. Request for Information

A method of solicitation used for gathering information without intent to purchase at the end of the solicitation process.

vv. Request for Proposal (RFP)

A method used to assist the university in gathering information and ascertaining supplier's intentions regarding products and/or services that contain some unknown elements, without making a commitment until the best source is identified, the specification is finalized, and a contract has been negotiated.

ww. Request for Quote (RFQ)

A method used to have suppliers offer, for a set period and for specific items or services, prices, quantities and delivery factors to be used in selecting the supplier.

xx. Requisition Requestor

An employee with no buying authority, who has not completed required university trainings and must request a requisition for goods or services to be purchased by a university trained buyer. These individuals must abide by all university purchasing policies.

yy. Sealed Bids

Purchase method under which bids are formally solicited and where the fixed price (lump sum or unit price) is awarded to the responsible bidder with the lowest price.

zz. Service

The performance of labor for the benefit of the university. Procurement of a service requires a contract approved by the University Contracts Office.

aaa. Single Source

One source, among others in a competitive marketplace, which, for justifiable reason (schedule constraints, technical or project risks, etc.) is most advantageous for the purpose of contract award as approved by Procurement Services.

bbb. Small Business (SB)

An independently owned and operated concern, including its affiliates, that is not dominant in the field of operation in which it is bidding on U.S. government contracts, and qualified as a small business under the criteria and size standards in 13 CFR Part 121 (see FAR Part 19 at <http://www.acquisition.gov/far/index.html>). This includes women-owned, veteran-owned and service disabled veteran-owned businesses.

ccc. Small Business Liaison Officer (SBLO)

Procurement Services employee responsible for tracking and reporting to the appropriate agencies individual award goal attainment and overall university goal attainment.

ddd. Small Disadvantaged Business (SDB)

A small business concern, that is at least 51% owned and controlled by individuals who are both socially and economically disadvantaged. This can include a publicly owned business that has at least 51% of its stock unconditionally owned by one or more socially and economically disadvantaged and whose management and daily business is controlled by one or more such individuals. International Initiatives branch campuses will abide by these guidelines, to the extent possible, given local law and funding directives.

eee. Small Purchase/Simplified Acquisition Threshold

Threshold under which a formal request for quote (RFQ) or request for proposal (RFP) is not

required and competitive quotes are informal.

fff. Sole Source

The one and only source, regardless of the marketplace, possessing a unique and singularly available performance capability for the purpose of contract award.

ggg. Supplier/Vendor

An external provider of goods or services.

hhh. Travel Card

Departmental and individual institutional credit cards issued by the university to pay for allowable business travel expenses.

iii. University Contracts Office (UCO)

The University Contracts Office reviews, drafts, and executes documents, contracts, and licenses related to Carnegie Mellon business affairs. UCO assures that all university and governmental requirements are met in relation to the business affair and that any other university department, which may have an interest in the business affair, is notified and consulted.

jjj. University Entrusted Funds

Funds generated during normal university business proceedings (tuition, gifts/donations, product sales, etc.) and those funds held in trust from granting or contracting agencies or sources (federal, state, industrial, private, foreign, etc.).

2.0 Ethics, Conflicts of Interest, Gifts, Kickbacks and Confidentiality

2.1 Overview

The purpose of this manual is to supplement university policy, for arranging outside activities and to provide a mechanism for resolving potential conflicts of interest or buying ethics. Employees or personnel with buying authority should be aware of the information contained herein related to ethical business standards, conflicts of interest, gifts, anti-kickback clause, and confidentiality. Adherence to the university [Purchasing Policy](#) and [Code of Business Ethics and Conduct](#) shall govern all procurement transactions. These policies and procedures are required and necessary to ensure that the university complies with sponsor requirements and can demonstrate that it meets its responsibilities as the steward of sponsor, students, alumni and donor funds in support of the university's mission. Potential business ethic violations must be reported to Procurement Services to be properly evaluated and addressed.

Questions related to purchasing ethics can be directed to Procurement Services.

2.2 Carnegie Mellon Buyer Code of Ethics

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

2.3 Conflict of Interest and Ethical Purchasing

Buyers, department authorizers and members of the university community with procurement responsibilities or the ability to influence purchasing decisions, the negotiation or formation of contracts and/or the management of ongoing supplier relationships must avoid unethical conduct and conflicts of interest when

purchasing goods and services. When members of the university community, associates or their immediate family members have financial interests in a business or are involved in a business as an owner, operator, employee or officer, all parties must be alert to the possibility that a real or perceived conflict of interest may arise. Under no circumstance will individuals review, approve, control or influence purchases for contracts or business relationships where they may personally gain or benefit. This pertains to a contract or business relationship between the university and a business in which the individual or their immediate family member(s), spouse or partner has a financial interest, or when the individual or their immediate family member(s) is an employee of the business and is directly involved with activities pertaining to the university.

Government regulations require the university to have explicit procedures for addressing incidents in which there are allegations of improprieties or conflicts of interest in purchasing. Real, perceived or potential purchasing conflicts of interest must be reported to Procurement Services. The university Purchasing Policy works in tandem with the [Conflict of Interest/Commitment Policy](#) and [Compliance with Financial Conflict of Interest Requirements in Research Policy](#).

2.3.1 Conflict of Interest (COI) Disclosure and Anti-Kickback Agreement Form

Procurement Services distributes [Carnegie Mellon's Conflict of Interest Disclosure and Anti-Kickback Agreement Form](#) to university buyers for signature. New buyers must complete the COI certification prior to gaining access to Oracle to create Purchase Orders or obtaining a university purchasing card. The COI certification process occurs annually for established buyers who must re-certify within 30 days of the annual recertification date. Failure to do so will result in Procurement Services review and penalty up to and inclusive of the suspension of the buyers' purchasing ability.

If a conflict of interest falls outside of the annual certification process, the buyer must notify Procurement Services in writing at procurement-inbox@andrew.cmu.edu.

2.3.2 Reported Conflicts of Interest

Procurement Services will review reported conflicts of interest on a case-by-case basis. Once the risk is mitigated, appropriate action and involvement of the individual's management will be taken based on the severity of the conflict and the risk it could pose to the university's procurement of goods and services.

2.3.3 Anti-Kickback Clause

University buyers and personnel responsible for the acquisition of goods and services must abide by the [Carnegie Mellon Buyer Code of Ethics](#) and act in a manner that brings the best overall value to university acquisitions and to not solicit and/or accept personal gain from any procurement transactions. Questions or concerns about potential or perceived kickbacks should be referred to Procurement Services.

The Anti-Kickback Act of 1986 (41 U.S.C. 51-58) (the Act) is generally used for all U.S. government-sponsored research. However, the as the university's overall Administrative Contracting Officer (ACO), the Office of Naval Research (ONR), requires all university buyers to read, understand and sign off on this clause.

"Kickback" as used in this clause means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind, which is provided directly or indirectly, to any university, university employee (principal investigator, buyer, executive, etc.), subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with an award.

The Anti-Kickback Act of 1986 (41 U.S.C. 51-58) (the Act) prohibits, when using U.S. government funding, any person from:

- Providing or attempting to provide or offering to provide any kickback;
- Soliciting, accepting or attempting to accept any kickback; or,
- Including, directly or indirectly, the amount of any kickback in the contract price.

The Act imposes criminal and civil penalties on any person who, when using federal funding, knowingly and willfully engages in the prohibited conduct addressed above (reference FAR 3.502-2 (b) and (c) at www.acquisition.gov/far/index.html).

2.4 Gift Guidelines

Per the university Purchasing Policy, in order to avoid a conflict of interest, or the appearance of a conflict of interest, no university employee shall solicit any gift, favor, loan, gratuity, reward, or promise of future employment that might influence or appear to influence the judgment or conduct of the employee vis-à-vis university business. No gift may be accepted from any source that may currently be participating in a competitive bid or negotiations as it is the university's objective to award business to suppliers based on considerations such as quality, service, competitive pricing, and technical abilities.

Acceptance of personal gifts or gratuities from suppliers may only be unsolicited nominal personal gifts, meals, entertainment and other normal social amenities no greater in aggregate value than \$75 per occurrence (\$300 total per year) from a single source. Wherever possible, these nominal items should be used for the conduct of university business. Cash or cash equivalents, such as gift cards or vouchers, are strictly prohibited regardless of dollar value.

Questions about the value or appropriateness of a gift or invitation, or any gift valued over \$75, and/or requests for exceptions, should be communicated to Procurement Services for evaluation. Please be

prepared to provide the following information to support the evaluation:

- Name of the supplier offering the gift/event.
- Description of the gift/event.
- If there will be other CMU employees attending the event, and their names.
- If the supplier, or other customers will be attending the event.

2.5 Confidentiality

All university employees and personnel responsible for the acquisition of goods and services in the university's decentralized purchasing environment must be sensitive to issues of confidentiality. It is improper and prohibited to discuss and/or share pricing information, trade secrets and/or proprietary information with or among suppliers. Contact Procurement Services for questions regarding what information may be discussed.

3.0 University Procurement Principles

3.1 Federal Guidelines

Carnegie Mellon University must conform to the minimum procurement standards set forth in the Office of Management and Budget (OMB) issued guidance under 2 CFR Part 200—Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (UG) in order to obtain/maintain an approved purchasing system and to maintain a continued flow of federal research funding. While OMB procurement standards apply specifically to procurements with federal funds, some federal guidelines are applicable to the university procurement program in general. To simplify the overall procurement process and promote good business practices, the university applies these standards to all purchases, regardless of the source of funds.

To meet UG procurement standards, CMU must have documented procurement procedures that conform to state and local laws and regulations and conform to the guidance to 2 CFR Part 200 SUBPART D.

The university should focus on the most economical solution during the procurement process and must avoid the acquisition of unnecessary goods and services, including reviewing any lists of CMU or Government Furnished Equipment or Material that were previously procured that may satisfy the need.

The university must document the procurement steps and activities required to be completed. This includes the basis for the type of procurement, contract type, and the basis for the contractor selection and price.

The university must maintain oversight to ensure that contractors perform in accordance with the terms and

conditions of their contracts or purchase orders.

The university must maintain written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award, and administration of contracts. No employee, officer, or agent can participate in the selection, award, or administration of contracts. The standards of conduct must provide for disciplinary actions.

3.2 Procurement Authorization and Methods

Only individuals who are authorized to commit university entrusted funds can make purchases on behalf of Carnegie Mellon. These individuals include Buyers, Card Holders, and those who have formal signature authority under university policy. If an unauthorized person attempts to commit university funds, CMU may consider the acquisition effort null and void and decline to pay any invoice that might be issued.

The following methods may be used for purchases on behalf of CMU:

3.2.1 Purchase Orders (POs)

Legally binding (with terms and conditions) commercial documents used to control purchasing and to facilitate payments (after a three-way match). Purchase Orders are completed by the buyer, prior to the purchase, and approved via a designated workflow in the university financial system. PO indicates the supplier, types, quantities and agreed prices for the products or services the supplier will provide to the university.

3.2.2 Purchasing Card (PCard)

A card issued to authorized employees to make allowable purchases of goods and services on behalf of the university.

3.2.3 Travel Card

Departmental and individual institutional credit cards issued by the university designed to simplify and streamline the process of paying for business travel expenses.

3.2.4 Expense Reimbursements (ERs)

While not recommended, use of personal funds is allowed for the purchase of goods only when logistical or extenuating circumstances occur that preclude use of a PO or PCard. Purchases made with personal funds should be limited to \$500 or less to benefit from negotiation university terms and conditions and to avoid paying unnecessary state sales tax on goods purchased. The purchase of goods in excess of the micro-purchase threshold of \$3,000 with personal funds is prohibited. Services may not be procured with personal funds. All purchases made with personal funds shall be submitted in accordance with applicable requirements in accordance with the [Business Travel and Expense Policy](#).

3.2.5 Petty Cash

Petty cash funds can be used for making appropriate purchases and to reimburse individuals for non-travel out-of-pocket expenditures \$3,000 or less. The dollar limits for the fund total may be set at the discretion of the department, but must be approved by Accounts Payable prior to initiation. For more information regarding petty cash, refer to the [Petty Cash Policy](#).

Personal expenses and purchases are not permitted on university payment methods. Purchases must be for the use and benefit of CMU, regardless of intent to reimburse CMU. If any CMU user associated with the purchase commits purposeful fraudulent or other inappropriate behavior, regarding the proper use of the requisitioning and purchasing process, it will be considered serious misconduct and will result in disciplinary action.

3.3 Supplier Competition

University policy dictates that acquisition of products or services will be by full and open competition between potential suppliers, to the maximum practical extent subject to the requirements of quality, price and performance. Competition is considered the primary method to ensure reasonableness of pricing.

To ensure full and open competition, CMU may not restrict competition through any of the following practices:

- Placing unreasonable requirements on suppliers for them to qualify to do business;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or between affiliated companies;
- Noncompetitive contracts to consultants that are on retainer contracts;
- Organizational conflicts of interest;
- Geographical preferences unless mandated by statute or would otherwise not impact the number of competitive firms (architectural and engineering services only).
- Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
- Any arbitrary action in the procurement process (i.e., disqualifying a supplier based on race, creed or religion).

When purchasing from a Preferred Supplier, you may not need to obtain competitive bids nor complete a Purchasing Checklist & Bid Summary Form, since the university has already negotiated pricing and favorable terms.

3.4 Competitive Threshold Requirements

For procurements falling within the thresholds outlined in the Purchasing Policy, the university and its buyers shall complete the following requirements to ensure compliance and/or document price reasonableness.

3.4.1 Micro-Purchase Threshold

This threshold applies to the purchase of products or services when the aggregate dollar amount for a single transaction is \$3,000 or less (\$2,000 for construction procurements subject to Davis-Bacon Act). Aggregate dollar amount is the total amount of purchases of similar items that can be reasonably combined in order to conduct an efficient procurement action. When making a purchase under the micro-purchase threshold, CMU is not required to solicit competitive quotes or complete a Purchasing Checklist & Bid Summary Form. At this threshold, the following considerations must be taken:

- Purchases will only be executed if prices are considered reasonable and necessary.
- To the extent practicable, purchases will be distributed equitably among qualified sources.
- The aggregate dollar amount of the individual purchase will be \$3,000 or less, unless otherwise approved for a procurement that is not utilizing federal funds.
- Procurements may be made via a Purchase Order, PCard or Travel Card. Procurements may be made in limited circumstances via Expense Reimbursement or Petty Cash Request.

3.4.2 Small Purchase Threshold

This small purchase threshold applies to the purchase of products or services when the total purchase amount is above the micro-purchase threshold. At this threshold, the following considerations must be taken:

- If using a non-Preferred Supplier, a Purchasing Checklist & Bid Summary Form must be completed prior to the purchase. Request for pricing must be documented via formal (e.g., RFP or RFQ) or informal methods (e.g., email, verbal communication), and documented on the Purchasing Checklist & Bid Summary Form.
- Any request for pricing to a supplier will contain sufficient information to permit a supplier to respond, must include a clear and accurate description of the products or services, and include any need by dates (if applicable).
- Price quotes are obtained from multiple (minimum of two, but preferably three or more) qualified sources. Qualified means respondents must be eligible, able, responsive and

willing to provide the product or service.

- RFP or RFQ may be used, but are not required.

3.4.3 Sealed Bid Threshold

This threshold applies to procurements \$150,000 and above where the following requirements can be satisfied:

- Procurement Services must be notified prior to solicitation and involved in the bid process.
- The solicitation can be issued for a firm fixed price purchase order/contract (lump sum or unit price) and can be awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price.
- A complete, adequate and realistic specification or purchase description must be defined in the solicitation along with any specifications and pertinent attachments. The solicitation must define the items or services for the bidder to properly respond to support available, as well as all requirements for submission of the bid.
- Bids are solicited from multiple (minimum of two, but preferably three or more) qualified sources. Qualified means respondents must be eligible, able, responsive and willing to provide the product or service. If using federal funds, a public and advertised solicitation may be required. Procurement Services will determine if this requirement applies.
- Any or all bids may be rejected if there is a sound documented reason.
- All sealed bidding should be done in conjunction with Procurement Services or as other approved by the director of Procurement Services.
- A firm fixed price purchase order/contract award will be made in writing to the lowest responsive and responsible bidder.
- A Purchasing Checklist & Bid Summary Form must be completed prior to the purchase
- Unless otherwise approved, the purchase must be made via a purchase order.

3.4.4 Competitive Proposals

This threshold applies to procurements \$150,000 and above, where the requirements under the sealed bid threshold cannot be met and where it may not be reasonable or in CMU's

interest to award primarily based on price. Procurements made within the Competitive Proposal Threshold must meet the following requirements:

- Procurement Services must be notified prior solicitation and involved in the bid process.
- The solicitation cannot be awarded to the responsible bidder based solely on price, must be awarded on other evaluation factors and may result in a purchase order / contract that is not firm fixed price. A request for proposal (RFP) must be issued that identifies all evaluation factors and their relative importance.
- The RFP must incorporate, as feasible, a clear and accurate description of the technical requirements for the materials, product or service to be procured. The description must not contain features that unduly restrict competition.
- All competitive proposals should be done in conjunction with Procurement Services or as other approved by the director of Procurement Services.
- Proposals are solicited from multiple (minimum of two, but preferably three or more) qualified sources. Qualified means respondents must be eligible, able, responsive and willing to provide the product or service. If using federal funds, a public and advertised solicitation may be required. Procurement Services will make the appropriate determination if this requirement applies.
- CMU must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to CMU when the evaluation factors are considered.
- CMU may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. Qualification-base procurement, where price is not used as a selection factor, can only be used in regards to A/E professional services. If using federal funds, it cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.
- A Purchasing Checklist & Bid Summary Form must be completed prior to the purchase.

- Any or all bids may be rejected if there is a sound documented reason.
- Unless otherwise approved, the purchase must be made via a purchase order.

3.4.5 Noncompetitive Proposals (Sole Source / Single Source)

This threshold applies to procurements with Non-Preferred Suppliers, above the micro-purchase threshold, where the requirements for competition under the other thresholds cannot be met. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source (sole source or single source) and must meet the following requirements:

- If over \$150,000 and above, Procurement Services must be notified prior to solicitation and involved in the bid process.
- The item is available only from a single source and the requirements have not been unduly restricted to limit competition.
- The need or demand for the requirement will not permit a delay resulting from competitive solicitation.
- The sponsoring or federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals.
- After solicitation of several sources, competition is determined inadequate.
- A Purchasing Checklist & Bid Summary Form must be completed prior to the purchase.
- Unless otherwise approved, the purchase must be made via a purchase order.

3.5 Utilizing Small and Disadvantaged Businesses

CMU is committed to supporting small business enterprises that are independently owned and operated concern, including its affiliates, that are not dominant in the field of operation in which it is bidding on government contracts, and are qualified as a small business under the criteria and size standards in 13CFR Part 121 (see FAR 19.102).. These definitions are applicable to International Initiatives, but references to U.S. government regulations may not apply. These enterprises are defined as:

3.5.1 Small Disadvantaged Business

A small business concern, owned and controlled by individuals who are both socially and economically disadvantaged, as defined by the Small Business Administration at 13CFR Part 124, the majority of earnings of which must directly accrue to such individuals. This term also

means a small business concern owned and controlled by an economically disadvantaged Indian tribe or Native Hawaiian organization that meets the requirements of 13CFR 124.112 or 13CFR124.113, respectively. In general, 13CFR Part 124 describes a small, disadvantaged business concern as a small business concern.

3.5.2 Small Women-Owned Business

A small business concern in which at least 51% of the concern is owned and day-to-day managed and controlled by women, or in the case of a publicly owned business, at least 51% of the stock is owned by women, with one or more women managing and controlling the daily operation of the business.

3.5.3 Small Veteran-Owned Business

A small business concern in which at least 51% of the concern is owned and day-to-day managed and controlled by veterans (as defined at 38 U.S.C. 101[2]), or in the case of a publicly owned business, at least 51% of the stock is owned by veterans, with one or more veterans managing and controlling the daily operation of the business.

3.5.4 Small Disabled Veteran-Owned Business

A small business concern in which at least 51% of the concern is owned and day-to-day managed and controlled by disabled veterans (as defined at 38 U.S.C. 101[2]), or in the case of a publicly owned business, at least 51% of the stock is owned by disabled veterans, with one or more disabled veterans managing and controlling the daily operation of the business.

3.5.5 HUB Zone

A historically underutilized business zone, which is an area located within one or more qualified census tracts, qualified nonmetropolitan counties, or lands within the external boundaries of an Indian reservation. A HUB Zone Business is defined as a small business concern that appears on the List of Qualified HUB Zone Small Business Concerns maintained by the Small Business Administration (SBA). On International Initiatives campuses, these definitions will remain applicable, but references to US government regulations may not apply.

3.5.6 Participation Goals

The university has an overall goal for small business enterprise, which is defined under a small business plan that is approved every three years by ONR, participation of fifteen percent of the dollar volume of university purchasing, excluding purchasing from sole source providers where there is no discretion in supplier selection (e.g., utilities). Within this overall goal, the university has also established goals for socially and economically disadvantaged business enterprises, women-owned, veteran-owned, and disabled veteran-owned and HUB Zone business enterprise participation of five percent of the dollar volume of university

purchasing.

Goal establishment on awards from federal government agencies may differ per award. Sponsored Project Accounting (SPA) and the university Small Business Liaison Officer (SBLO) are responsible for tracking and reporting to the appropriate agencies individual award goal attainment and overall university goal attainment. Although individual purchases or projects may not reach the goals, the university's intent is to work for the achievement of these goals over a fiscal year. Success depends on the active commitment of all authorized buyers.

University procurement activities for goods and services should be as inclusive as possible to allow small, disadvantaged, women-owned, veteran-owned, disabled veteran-owned and HUB Zone business enterprises the maximum practicable opportunity to participate in Carnegie Mellon acquisitions.

The university's goals for procurement from small, disadvantaged, and women owned, veteran and HUB Zone business enterprises should be given consideration along with other selection factors, such as cost, ability to meet required schedules and ability to perform the required work satisfactorily. University procurement activities for goods and services should be as inclusive as possible.

All contractors and suppliers doing business with Carnegie Mellon should share these goals and participate in their achievement.

3.5.7 Tracking and Measurement

Procurement Services, Sponsored Projects Accounting and the Office of Sponsored Programs are responsible for classifying, tracking and compiling statistical data and submitting management, administrative and governmental filings and reports.

Procurement Services and Sponsored Projects Accounting work with the Office of Sponsored Programs, the University's Diversity Business Council and representatives of international initiatives to develop, implement and monitor the effectiveness of appropriate strategies to achieve university purchasing goals. SPA maintains specific reporting requirements for the government, which are reported twice a year and measured on an award basis.

To ensure that the university's total procurement dollars are accurately represented Procurement Services provides Sponsored Projects Accounting with a semiannual report on subcontracted small business awards and are included in all management and government audits or reports. Buyers should access the Small Business Administration's database at <https://www.sba.gov/offices/headquarters/ohp> for verification.

3.5.8 Providing Equal Opportunity

To ensure that the university does not overlook suppliers who could supply the item(s) or service(s) needed, buyers should following these established guidelines:

- Contact Procurement Services to assist in identifying small, disadvantaged, women-owned, veteran-owned, disabled veteran-owned and HUB Zone businesses.
- Give small businesses a greater opportunity to supply items, consider unbundling larger orders into separate groupings (competition requirements are still applicable).
- Contact Procurement Services when developing specifications for needs.
- When using competitive bidding, give small, disadvantaged, women owned, veteran-owned, disabled veteran-owned and HUB Zone business suppliers the opportunity to submit bids.

For more information regarding utilizing small and disadvantaged businesses, visit the [Procurement Services website](#).

3.6 Sales Tax Exemption

Carnegie Mellon is exempt from sales tax on certain retail purchases and services for its non-profit educational and/or research mission in the Commonwealth of Pennsylvania and in many other states/jurisdictions. However, Carnegie Mellon is not exempt from all taxes in all states/jurisdictions. For example, Carnegie Mellon is not exempt from certain Pennsylvania local taxes such as the Allegheny County (PA) Alcohol Beverage Tax or the Hotel Occupancy Tax. Additional information on Carnegie Mellon's tax exemptions can be found on the [Taxation website](#).

Carnegie Mellon's tax exemption(s) are not transferable and can only be used if the purchase is made directly with Carnegie Mellon funds (i.e., purchasing card, purchase order, university check, electronic funds transfer). Use of Carnegie Mellon's tax exemption for personal purchases is illegal, and a violation of university policy. University purchasing cards have the university's Pennsylvania tax exemption number embossed on the front side of the card. Most vendors will require the Buyer to submit a copy of an actual tax exemption certificate for each purchase at the time of purchase. Pennsylvania tax exemption certificates can be obtained from the Taxation website. Buyers should work with suppliers who request having a sales tax exemption certificate to obtain the proper certificate from the tax department. It is a best practice to notify a supplier prior to making a purchase that the purchase may qualify for tax exemption. Notification after the fact often makes it difficult for the supplier to apply the tax exemption, or to credit the funds. Additionally, tax exemption is a courtesy, and suppliers are not obliged to do so. If the supplier has not honored tax exemption, and the buyer feels it is necessary, contact Taxation for assistance, as the refund process varies by state

Employees who pay sales tax when making purchases external to the PO or PCard (e.g., petty cash reimbursements or expense reimbursements) may or may not be reimbursed by the university for sales tax if paid.

Carnegie Mellon is not exempt from all taxes (e.g., hotel occupancy taxes). For clarification, or other specific questions, please contact the tax department (taxdept@andrew.cmu.edu).

3.7 Audits

Carnegie Mellon will participate in all audits, including Contractor Procurement System Reviews (CPSR) conducted by the Office of Naval Research, the Defense Contract Audit Agency, and the Small Business Administration, other sponsors, and outside auditors engaged by the university. Carnegie Mellon will use its best efforts to remain compliant with all requirements.

4.0 Supplier Selection

4.1 General Concept

Suppliers must be qualified or meet qualification standards defined in this manual to provide required materials or services at minimum risk to the university. Suppliers must satisfy price reasonableness, quality, acceptance of reasonable terms and conditions of sale, delivery performance and ethical business practices.

4.2 Preferred Supplier Program

A Preferred Supplier must complete a formalized selection process operated by Procurement Services and is chosen by the university as a supplier who can provide products, materials and/or services that are in the best interests of the university as related to quality of products, materials and/or services; length of contract; advantageous pricing; payment methodologies; delivery practices/performance; supplier operational support and services; ethical business practices; and social and community support.

Buyers are encouraged to use Preferred Suppliers as they have been already vetted and contract and pricing terms have been negotiated by Procurement Services. Additionally, Procurement Services is able to track spend with preferred suppliers, which often leads to opportunity for further negotiated savings on behalf of the university.

Should a departmental buyer wish to add a supplier(s) to the Preferred Supplier program, Procurement Services will work with the Buyer to ensure the opportunity and supplier are appropriate for Preferred Supplier status. This may include suggesting alternate suppliers or products, soliciting competitive bids, and documenting price reasonability. Send all Preferred Supplier requests to [procurement-](#)

inbox@andrew.cmu.edu.

A Preferred Supplier must agree to sign an agreement/contract, which identifies all the terms and conditions under which the agreement/contract will operate, including a commercial pricing structure. Obtaining Preferred Supplier status does not mean CMU is obligated to procure items from the supplier and does not require CMU to meet volume requirements.

For Preferred Suppliers, Procurement Services will administer the selection process and maintain the necessary documentation. A [Supplier Directory](#) is available on the Procurement Services website.

Non-Preferred Suppliers may be used with the understanding that:

- it may not be the best value for the university,
- transactions which exceed the micro-purchase threshold of \$3,000 require added steps by the buyer to obtain competitive pricing, justify and properly document the order (i.e., Purchasing Checklist and Bid Summary form), and
- buyers must negotiate the applicable sales terms and conditions with the supplier along with the method of order and payment in alignment with the applicable policies.

4.3 Competitive Requirements

4.3.1 Bid Solicitation

To obtain the best possible pricing and to remain compliant with the university Purchasing Policy and the requirements under Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Subpart D (2 CFR 200 Subpart D) , FAR regulations and university policies, competitive bidding must be conducted to the maximum extent practicable. Sections 4.3.2 – 4.3.8 below, along with the [Buyer Actions Matrix & Guide](#), list the requirements to meet these standards.

4.3.2 Micro-Purchases: \$3,000 or less (\$2,000 or less for construction awards where the Davis-Bacon Act applies)

Competition and/or cost/price analysis are not required if the price is considered reasonable by the buyer. These purchases must be necessary and buyers should make all practical efforts to spread these procurements among the supply base.

4.3.3 Small Purchase/Simplified Acquisition: \$3,001 – \$149,999.99

Price and rate quotes must be obtained via informal methods and documented on a Purchasing Checklist & Bid Summary Form from a minimum of two (three or more are recommended) qualified sources to establish competition. If utilizing a Preferred Supplier, a

Purchasing Checklist & Bid Summary Form is not necessary. However, any forms, terms, or requirements that are required as part of an award must be executed and incorporated as part of the procurement. This documentation shall be maintained in accordance with applicable university policy.

4.3.4 Preferred Supplier Purchases: \$149,999.99 or less

No bidding or documentation is required if a preferred supplier is utilized. All support documentation for preferred suppliers is maintained by Procurement Services. Any forms, terms, or requirements that are required as part of an award must be executed and incorporated as part of the procurement. This documentation shall be maintained in accordance with applicable university policy.

4.3.5 Sealed Bids: \$150,000 and above (recommended method for construction)

Bids must be formally solicited and documented from two (three or more recommended) or more responsible bidders by or in conjunction with Procurement Services unless specifically delegated in writing by Procurement Services. Procurement Services can determine all the specific requirements including how the bids are to be posted, submitted and reviewed in accordance with applicable policy. A firm fixed price contract is awarded principally based on price to a responsible bidder under these conditions.

The following links are templates for goods and services that may be used to support this requirement.

- [Request for Quote - Goods Template \[.docx\]](#)
- [Request for Quote - Services Template \[.docx\]](#)

4.3.6 Competitive Proposals/Requests for Proposals (RFP): \$150,000 and above

Used when a sealed bid is not appropriate or the sealed bid conditions cannot be met, such as the condition to award only based on price to a responsible bidder. RFP are used with competitive proposals, must identify all evaluation factors and their relative importance and be solicited from two or more qualified sources by or in conjunction with Procurement Services. Procurement Services can determine all the specific requirements including how the bids are to be posted, submitted and reviewed in accordance with applicable policy. Contracts must be awarded to the responsible firm whose proposal is most advantageous to Carnegie Mellon by scoring the identified evaluation factors.

The following link are templates for RFP and Evaluation Scorecard that may be used to support this requirement.

- [Request for Proposals Template \[.docx\]](#)

- [Scorecard Template \[.xlsx\]](#)

4.3.7 Noncompetitive Proposals (i.e., sole-source or single source procurements)

a. Sole Source Definition

Only one supplier exists that can provide an item or service.

b. Single Source Definition

Designate that even though a product or service is available from various sources, it must, for specific and justifiable reasons, be purchased from one specified supplier.

Buyers are required to substantiate the reason for a sole/single source purchase by providing a written explanation on the [Purchasing Checklist & Bid Summary Form](#).

A procurement that meets the requirements for competition (above micro-purchase threshold), but a bid or proposal is solicited from only one non-preferred source. Noncompetitive proposals are used only if the good or service is available from one source, the need for the requirement will not permit a delay resulting from competitive solicitation, the government or sponsoring awarding agency or pass-through entity expressly authorizes noncompetitive proposals and/or after solicitation of several sources, or competition is determined inadequate. Any procurement that falls into this area must be approved by Procurement Services and must be documented via a [Purchasing Checklist & Bid Summary Form](#).

Buyers must have defined requirements regarding quantity, delivery dates, technical or performance specifications, specific award requirements, and/or scope of work.

A [Purchasing Checklist & Bid Summary Form](#) must accompany the completed procurement package upon submittal to Procurement Services (via Oracle as a PO or PCard reconciliation as approved) for approval and/or retention purposes.

4.3.8 Situations Where Competitive Bids Are Not Required

i. Preferred Supplier

If a Preferred Supplier Agreement is in place and the procurement has a total value of \$149,999 or less, competition during the term of that agreement is not required, unless the buyer has knowledge of substantial changes in the marketplace for that commodity.

ii. Items from Member Cooperatives

Items that fall in the small acquisition threshold that can be purchased under a

Commonwealth of Pennsylvania state contract (COSTARS) or under competitively bid contracts through a Cooperative in which the university is a member (U.S. Communities, E&I, etc.), may, at the discretion of Procurement Services, be exempt from competitive bidding requirements, since competitive bidding was conducted at the time the State or Cooperative contract was awarded. Information regarding COSTARS is available on the [Procurement Services website](#).

iii. Sole Source Purchases

If competition is determined to not be feasible due to the sole source nature of a product/service or supplier, and the order equals or exceeds \$3,000, a written sourcing justification and a determination of price reasonableness is required to be submitted and approved by Procurement Services prior to the commitment being made, via explanation on the [Purchasing Checklist & Bid Summary Form](#).

iv. Single Source Purchases

If competition is determined to not be feasible due to a single source nature of an item, service or supplier, and the order exceeds \$3,000, a written sourcing justification and a determination of price reasonableness are required to be submitted and approved prior to the commitment being made, via explanation on the [Purchasing Checklist & Bid Summary Form](#).

v. Sponsor Directed Items

Goods/equipment and services are purchased with sponsor funds and are specifically designated in the proposal and/or award, may be purchased according to the provisions of the sponsor agreement or as designated in the proposal.

4.4 Supplier Qualification

Carnegie Mellon will only conduct business with reputable and stable suppliers who can provide the goods and services required. U.S. suppliers must provide a W9 with either a Federal Employer Identification number or a Social Security number and a completed Supplier Information Form indicating business size, type, description of what payment is for, Foreign Corrupt Policy Act (FCPA) questions completed, classification, and designation of product, service or both.

4.4.1 Foreign Supplier with U.S. Presence

A foreign supplier who is performing work in the U.S.; Foreign suppliers must provide unique identifiers as indicated on the IRS W8 Series Form and must complete a Supplier Information Form indicating business size, type, description of what payment is for, FCPA questions completed, classification, and designation of product, service, or both. Failure to provide

such information may necessitate the location of a different supplier to satisfy the requirement. The university may have an Internal Revenue Service (IRS) reporting requirement for these payments.

4.4.2 Foreign Supplier with no U.S. Presence

A foreign supplier performing work for the university not on U.S. soil. Foreign suppliers must complete a Supplier Information Form indicating business size, type, description of what payment is for, FCPA questions completed, classification, and designation of product, service, or both. Failure to provide such information may necessitate the location of a different supplier to satisfy the requirement. A [Foreign Source Income Form](#) is also required.

4.4.3 Foreign Supplier – International Campuses Only

Supplier for Australia, Qatar and/or Rwanda campuses. Foreign suppliers must complete a Supplier Information Form indicating business size, type, description of what payment is for, FCPA questions completed, classification, and designation of product, service, or both. Failure to provide such information may necessitate the location of a different supplier to satisfy the requirement.

As part of the supplier set up, Office of Foreign Assets Control (OFAC) automatically reviews each individual, company or organization set up for payment in Oracle.

Procurement Services ensures that Preferred Suppliers do not appear in the [U.S. Government Lists of Parties Excluded from Federal Procurement or Non-Procurement Programs](#). Buyers are responsible for this debarment verification when Non-Preferred Suppliers are used on federal government grants, cooperative agreements or contracts where the order will exceed \$30,000. A written certification from the supplier is required via the [Supplier Conflict of Interest and Compliance Certification Form](#).

To qualify suppliers, Procurement Services may obtain financial and background informational reports to determine the financial stability and acceptableness of suppliers who require significant pre-payments or with whom Carnegie Mellon has no previous experience. Procurement Services will also work to develop new suppliers by inspecting products and facilities. The expertise of the campus community will be utilized to ensure that suppliers can achieve technical requirements. Supplier files maintained by Procurement Services may also contain historical experience information. Procurement Services will review Preferred Suppliers periodically and compare with Dun & Bradstreet and other ratings to ensure the continued stability of those suppliers.

The university must select suppliers who offer the greatest total value for the products and services purchased.

The university will employ techniques to develop small, small disadvantaged, small women-owned, small veteran-owned, small disabled veteran-owned and small HUBZone businesses capable of providing the

products and services needed by the university.

Those identifying themselves as Small Business Administration certified suppliers must be verified as such by Pennsylvania or the buyer by accessing the Small Business Administration's database at <https://www.sba.gov/offices/headquarters/ohp>.

4.5 Supplier Issues and Resolution

4.5.1 Delivery Issues or Failure to Perform

The department or buyer experiencing dissatisfaction with the supplier performance must notify Procurement Services, in writing, to procurement-inbox@andrew.cmu.edu of the complaint. The following information must be included:

- Supplier name
- Supplier contact information
- PO number, contract number, invoice number, Oracle ID number (if possible)
- Good or service procured/to be procured from supplier
- Specific performance details and reasons for dissatisfaction

Procurement Services will review the facts through discussions with the requesting department to determine the appropriate course of action.

4.5.2 Suspension

Procurement Services has the authority to suspend a business, for cause, from participating in the university's solicitation process or in university business. Procurement Services will suspend or remove a supplier from business consideration if any of the following causes occur on one or more PCard transactions, purchase orders or contracts:

- Unsatisfactory performance may include non-delivery or default, providing damaged or defective goods, making unauthorized substitutions, billing errors or unallowable billings. Conviction of the business or an officer or principal shareholder for commission of a criminal offense in connection with obtaining, attempting to obtain or performing a contract or subcontract.
- Violation of anti-trust or other laws or statutes including those relating to the submission of bids.
- Unethical practices, violation of university policies (including misrepresentation of

certifications), or practices that are not in alignment with university standards or expectations.

- Inclusion on an excluded parties list.
- Bankruptcy or pending bankruptcy of the supplier

4.5.3 Removing a Supplier from Suspension

For a supplier to modify or shorten the suspension period, supporting documentation must be submitted to Procurement Services through procurement-inbox@andrew.cmu.edu to prove:

- Bona fide change in ownership and management of the business
- Elimination or mitigation of the cause for which the suspension was imposed

Upon termination or expiration of the suspension period, the supplier shall be eligible to participate in the bidding process or receive university business. If a supplier is suspended a second time for the same cause, permanent suspension may result.

5.0 Purchasing Card Program

Carnegie Mellon authorizes the issuance of Purchasing Cards to certain employees whose positions require them to purchase goods and services for university-related business. Carnegie Mellon pays the card provider directly for the goods and services purchased using the Purchasing Cards.

Purchasing Cards are generally suited for the purchase of lower-dollar and/or routine items.

All transactions using the Purchasing Card must comply with Carnegie Mellon's purchasing policies and procedures regarding the purchase of goods and services. This document describes the requirements, responsibilities and procedures related to the use of the Purchasing Card. Among other requirements, cardholders are required to comply with the university's [Buyer's Code of Ethics](#) and [Anti-Kickback Clause](#).

Cardholders must adhere to these Purchasing Card guidelines, which are designed to assist the cardholder in making appropriate purchases.

The consequences for misuse of the Purchasing Card and/or non-compliance with these guidelines are explained below.

5.1 Purchasing Card Roles and Responsibilities

The Purchasing Card program requires the collaboration of teams and individuals across the university to

ensure that Carnegie Mellon can serve the campus community while meeting to conduct business efficiently, effectively and ethically, and to fulfill its obligations to comply with applicable Internal Revenue Service (IRS) regulations. Cardholders are required to understand and fulfill their roles and responsibilities for participating in the Purchasing Card program.

5.2 Department and Administrative Unit Responsibilities

Responsibilities for the Purchasing Card are delegated to several roles within the university: Procurement Services, the Department (generally through the department's designated Administrative Leadership Group member and/or business manager), the Approver, the Cardholder, and the Transaction Verifier.

5.2.1 Designated Administrative Leadership Group (ALG) Member

It is the responsibility of the designated ALG member to:

- approve the issuance of new cards;
- approve Cardholder limits for:
 - single purchase limit and
 - monthly purchase limit;
- ensure that departments and Cardholders within their organization are accountable for compliance with the policies and procedures for purchasing and use of the Purchasing Card;
- inform the Financial Systems Help Desk of any potential violations or suspected misuse of the Purchasing Card;
- approve or reject requests for exceptions to policies and procedures for use of the Purchasing Card;
- approve or reject deductions from Cardholders point balances;
- approve or reject requests for reinstatement of a suspended Cardholder's Purchasing Card; and
- determine if further action is necessary to reduce the amount of sales tax that was paid by the university.

5.2.2 Department

It is the department's responsibility to:

- approve the issuance of cards to new Cardholders – must be approved by the department’s business manager (as determined by the department) and designated Administrative Leadership Group member;
- establish and maintain Cardholder limits for:
- single purchase limit and
- monthly purchase limit;
- ensure that Cardholders are accountable for compliance with the policies and procedures for purchasing and use of the Purchasing Card;
- inform the Cardholder and the Financial Systems Help Desk if any potential violations or suspected misuse of the Purchasing Card are identified;
- ensure original receipts/documentation is retained in accordance with the university’s record retention policy within the Department and are available for audit review; and
- notify the Financial Systems Help Desk for a card that requires cancellation when a Cardholder’s:
 - employment with Carnegie Mellon is terminated,
 - employment within the department is transferred to another Department within the university,
 - long-term personal leave of absence or sabbatical begins, or
 - role/responsibilities change, which no longer require the use of a PCard.

The department’s business manager and/or Administrative Leadership Group (ALG) member handle most of the above responsibilities.

5.2.3 Cardholder

It is the responsibility of the Cardholder to:

- comply with the prescribed policies and procedures established for purchasing and use of the university Purchasing Card, including:
 - [Purchasing Policy](#)
 - Cardholder Agreement (provided during PCard training)

- [Procurement Manual](#)
- [Buyer's Code of Ethics](#)
- [FCPA Guidance](#)
- [Anti-Kickback Clause](#)
- [Buyer Actions Matrix & Guide](#)
- only make purchases for university-related business;
- comply with department's record retention process;
- always maintain the security of the Purchasing Card and immediately report a lost, stolen or compromised card;
- not share their assigned card for others to make purchases;
- ensure that the transactions are charged to the appropriate Oracle general ledger or grants management string (s);
- verify transactions and attach required receipts and supporting documentation within 30 days from the date that the Cardholder is notified that the transaction is posted into the Oracle Financials System; and

5.2.4 Transaction Verifier

It is the responsibility of the Transaction Verifier to:

- comply with the prescribed policies and procedures established for purchasing and use of the Purchasing Card at Carnegie Mellon, including:
- Cardholder Agreement, Procurement Manual, Buyer's Code of Ethics, FCPA Guidance, Anti-Kickback Clause and Buyer's Actions Matrix;
- ensure that the transactions are charged to the appropriate Oracle general ledger or grants management string(s);
- enter transaction business justification and attach required receipts and supporting documentation within 30 days from the date that the Cardholder is notified that the transaction is posted into the Oracle Financials System;
- comply with department's process for record retention.

5.2.5 Approver

The Approver is responsible for reviewing Purchasing Card transactions to ensure that transactions:

- represent appropriate university-related business expenses and have proper business justifications;
- comply with university policies and procedures;
- are charged to the appropriate Oracle general ledger or grants management string(s);
- include required documentation as an attachment. (In addition to the purchase receipt, this includes any additional required information, such as copies of the executed contracts, UCO approvals, completed gift/prize/award processing forms, Purchasing Checklist & Bid Summary Forms, etc.); and
- the approver cannot be the cardholder or the transaction verifier.

5.3 Finance Division Responsibilities

The Finance Division administers the Purchasing Card program at Carnegie Mellon. It is the responsibility of the Finance Division to:

- establish policies and procedures for the use of the PCard that meet the requirements established by applicable laws and regulations, accounting standards and the university's Board of Trustees;
- provide and maintain financial systems for the reconciliation and accounting of Purchasing Card transactions;
- provide training regarding policies and procedures for campus;
- manage the PCard provider relationship;
- administer the process of enrolling, suspending and deleting Cardholders;
- process changes to Cardholder limits;
- manage requests for exceptions to policies and maintain records of approved exceptions;
- establish and maintain a list of Merchant Classification Codes that are restricted by university policy for which transactions will automatically be declined; and
- audit transaction activity for compliance.

5.4 Cardholder Eligibility Requirements

5.4.1 Employee Requirements for Obtaining a Purchasing Card

To obtain a PCard, the employee must:

- be an employee of the university working in an appointment of greater than four months in duration and in a position which requires the employee to purchase goods and services for university-related business;
- have not previously had a Purchasing Card terminated for non-compliance;
- complete the following required training:
 - Introduction to Purchasing and
 - Purchasing Card (PCard) Training;
- sign the Purchasing Card Cardholder agreement which requires compliance with:
 - [Purchasing Policy](#)
 - [Buyer Code of Ethics](#)
 - [Gift Guidelines for employees and non-employees](#)
 - [Conflict of Interest Disclosure and Anti-Kickback Agreement Form](#)
 - [Anti-Kickback Cause](#)

5.4.2 Requirements for Relinquishing a Purchasing Card

A Cardholder must relinquish a PCard when the Cardholder:

- transfers to another department, outside of the same division, within Carnegie Mellon;
- resigns from Carnegie Mellon or the Cardholder's employment is suspended or terminated;
- is on personal leave of absence or sabbatical; or
- changes roles and/or responsibilities, which no longer require the purchase of goods and services for university-related business.

5.5 Purchasing Card Accounting

5.5.1 Limits and Default Accounting

PCards have a monthly cycle and single purchase spending limits. Single purchase limits of greater than \$3,000 must be reviewed and approved by Procurement Services.

A default General Ledger (GL) account string is established for a PCard based on the information provided on the Purchasing Card Request Form.

5.5.2 International Ledger Accounting

Carnegie Mellon operates separate purchasing card programs for the United States (US), Qatar (QAR) and Australia (AUS) ledgers. Each PCard is associated with only one ledger. Purchases must be made with the corresponding PCard for purchases charged to an international ledger (QAR or AUS). PCard charges must be reconciled to the ledger associated with the card used for the transaction. PCard charges for one ledger cannot be reconciled to another ledger. For example, a purchase on a U.S. PCard cannot be charged to a Qatar ledger.

Email notifications regarding outstanding charges do not inform the Cardholder which ledger the outstanding charge(s) reside. Cardholders with multiple PCards should check the appropriate ledger when reconciling charges.

5.6 Using the Purchasing Card

Purchasing Card usage is restricted to university-related business purchases and subject to Carnegie Mellon's policies and procedures, including these guidelines. Acceptance by a supplier of the PCard as a method of payment for a transaction does not mean that the transaction was made in compliance with university policies and procedures.

In general, each PCard transaction goes through the following process:

- The Cardholder makes the purchase.
- The transaction is loaded into Oracle for verification.
- The Transaction Verifier enters the business justification and attaches required documentation in the Oracle Financials System.
- The Approver records approval of the transactions in the Oracle Financials System.

5.7 Personal Purchases

Cardholders are prohibited from using a PCard to make purchases for personal use.

If a Cardholder inadvertently or mistakenly makes a personal purchase using a PCard at the point of sale, the Cardholder should attempt to have the transaction immediately reversed with the supplier. If the supplier is unable to reverse the charge, the Cardholder must self-report this transaction within five business days by completing the [Accounts Payable Deposit Form](#). The original completed form, signed by the Cardholder, the Approver and the Department's Business Manager and/or designated Administrative Leadership Group member, a copy of the PRC verification report, along with reimbursement in the form of a personal check or money order, must be sent to AP-Help@andrew.cmu.edu. The check will be deposited and the funds applied against the applicable PRC within the system.

Otherwise, among other actions, the Cardholder will have their PCard suspended immediately and permanently lose all future card privileges.

Self-reporting a personal purchase with full reimbursement within five business days will result in the Cardholder receiving the appropriate number of violation points. Unreported personal purchases are reported to the university's Board of Trustees Audit Committee. Use of the PCard for personal purchases may be considered misappropriation of university funds and may be grounds for disciplinary action up to and including termination of employment.

5.8 Prohibited and Restricted Transactions

For more information regarding these purchases, see [Section 8.0 Restricted Purchases and Special Procurement](#).

5.9 Sharing of Purchasing Card

Cardholders may not share their PCard with anyone else, including other members of the campus community for any reason, including allowing the use of the card by another or delegating their purchasing authority to another, either by sharing the physical card or sharing the account number, expiration and security features. A cardholder that violates the foregoing will receive the appropriate number of violation points.

5.10 Transaction Splitting

Splitting transactions to avoid competitive bid thresholds or to avoid established card transaction limitations (e.g., single purchase limit) is prohibited. Splitting purchases between multiple transactions on one or multiple cards to circumvent the single purchase limit on individual cards or to make it appear that a bid threshold has not been reached is also prohibited. Purchasing Checklist & Bid Summary Forms are to be provided to

Procurement Services and/or attached to the PRC if a split transaction inadvertently occurs. Evidence that intentional splitting has occurred will result in receiving the appropriate number of violation points for a split transaction.

5.11 Category Specific Procedures

Additional purchasing procedures apply for the use of the PCard in specific situations.

5.11.1 Procedures for Home Campus Business Meals

Non-travel-related business meals that occur at locations within 60 miles of the Cardholder's designated home campus location may be paid with the Purchasing Card.

In accordance with IRS regulations, there must be a valid business justification for the business meal expense or the university must treat the amount of the expense as taxable income to the employee making the charge and withhold the appropriate taxes from the employee's pay.

Detailed/itemized receipts for local business meals equal to or greater than \$75 must be scanned and attached to the PRC and the following information must be included in the business justification:

- the name of the establishment;
- date;
- business justification, issues discussed; and
- name of all attendees and affiliation of non-CMU attendees (if five or less people attend the business meal).

If more than five individuals attend the business meal, the host (the person authorizing the charge) of the event must be listed, as well as the number of others in attendance, in lieu of listing the name and affiliation of everyone at the meal. It is the responsibility of the Cardholder to ensure that this information is recorded in Oracle for each business meal paid with a PCard.

5.12 Gift Cards and Tangible Gifts for Employees and Non-Employees

Gift cards in any amount and tangible gifts more than \$75 require additional tax reporting requirements. IRS regulations require the university to treat these items as compensation and withhold applicable taxes.

Purchases of gift cards and tangible gifts require the submission of the Carnegie Mellon Employee or Non-

[Employee Gift Processing Form](#) within 30 days of the relevant transaction.

In addition to submitting the forms to Payroll Services (employee) or Taxation (non-employee) within 30 days of the date of the relevant transaction for processing, the required forms must be completed in their entirety and a copy of the forms must be scanned and attached to the applicable transaction in Oracle.

If a Cardholder is delinquent in performing these responsibilities, among other things, the Cardholder will receive the appropriate number of violation points.

5.13 Prizes and Awards

5.13.1 Cash Prizes and Awards

Cash prizes and awards, regardless of amount; require completion of an Activity Pay in Workday for employees or the [Non-Employee Prize/Award Form](#).

5.13.2 Non-Cash Prizes and Awards

Non-cash prizes and awards require completion of the [Employee Gift Processing Form](#) (if value is more than \$75) or the [Non-Employee Prize/Award Form](#).

In addition to submitting the forms to Payroll Services (employee) or Taxation (non-employee) within 30 days of the date of the relevant transaction for processing, the required forms must be completed in their entirety and a copy of the forms must be scanned and attached to the applicable transaction in Oracle.

If a Cardholder is delinquent in performing these responsibilities, the Cardholder will receive the appropriate number of violation points.

5.14 Staff Length of Service/Retirement Gifts

Gifts of tangible items or services given to employees in recognition of their length of service or retirement are not taxable unless the value of the gift exceeds \$400. If the value of the gift exceeds \$400, only the amount in excess \$400 is taxable.

To be considered a length of service or retirement gift, the gift should not be made within the employee's first five years of employment, or more frequently than every five years thereafter. The gift must be tangible personal property or services and be awarded as part of a meaningful presentation under circumstances that do not create a significant likelihood of disguised pay.

Length of service or retirement gifts in excess of \$400 require the completion of the [Employee Gift Processing Form](#), which should be submitted to Payroll Services within 30 days of the date of the transaction for processing with a copy of the completed form scanned and attached to the applicable transaction in Oracle.

5.15 Merchant Category Code (MCC) Restrictions

A [list of restricted Merchant Category Codes \(MCC\)](#) is maintained by the Finance Division. When the PCard is presented as the method of payment to a merchant operating under a restricted MCC code, the transaction will automatically be declined.

5.16 Requesting an Exception

Exceptions to these Purchasing Card Guidelines may be requested by submitting a Purchasing Card Exception Request form via the [Online Forms System \(OFS\)](#). Exception requests require the approval of the Controller's Office and designated ALG member. The OFS routes the form for necessary approvals and once the approval process is complete, an email is sent to the user that submitted the request signifying the exception was approved and recorded. This email should be attached to the PRC for that transaction.

One-time exceptions are valid for a single transaction only. For Cardholders that require an exception, an exception request must be submitted via the Online Forms System, using the Purchasing Card Exception Request form. Requests will be reviewed and evaluated by the Director of Procurement Services.

5.17 Receipts and Record Keeping

The Cardholder is responsible for assisting in the record keeping process in keeping with the practices of their home department and university policy.

By university policy, all transactions of \$75 and above require an itemized receipt to be provided during the account verification process. All credit card slips, cash register receipts, web order pages and other sales records for transactions of \$75 or more related to any purchase must be kept within the university's [Financial Records Retention Policy](#).

Receipts are not required for transactions less than \$75, unless required by the home department or the sponsoring agency or country-specific requirements. For instance, receipts are required for all transactions charged to the Australia ledger.

If the Cardholder does not have the original receipt, it is the Cardholder's responsibility to contact the supplier and have a copy faxed or mailed to them.

If the Cardholder does not have the original receipt and the Cardholder cannot obtain a copy from the supplier, a [Department Missing Receipt Form](#) should be filled out and submitted in place of the original receipt.

Cardholders who fail to attach the necessary documentation for transactions more than \$75 or who frequently submit Missing Receipt Forms are subject to receiving the appropriate number of violation points for having missing receipts.

5.18 Verification of Purchasing Card Transactions

All PCard transactions must be verified in the Oracle Financials System with receipts scanned and attached within 30 days of posting.

The Oracle Financials System is used for online verification of transactions to the proper account string. Any verification made in Oracle will be posted to the GL or GM immediately after they are approved. Verified means that the transaction:

- appears to be a legitimate university-related business expense,
- is appropriately documented and the required receipt documentation is scanned and attached to the PRC for transactions totaling \$75 or greater,
- has been recorded to the correct account string in Oracle, and
- has a complete business description/justification recorded in Oracle.

To assist Cardholders in having their transactions verified within the 30-day window, the financial system has been configured to notify Cardholders via email and Oracle workflow notification at the following points:

1. The first Oracle notification occurs when a new credit card transaction is uploaded into Oracle and awaiting verification.
2. The second Oracle notification occurs when an unverified credit card transaction is 15 days old. This message notifies the Cardholder, as well as the designated Approver, that they have 15 more days to verify the transaction.
3. The third Oracle notification occurs when an unverified transaction is 25 days old. This message notifies the Cardholder, as well as the designated Approver, that the charge is now 25 days old and must be verified immediately. From this point forward until the transaction is verified, daily notifications will be sent to the Cardholder, as well as the designated Approver.
4. A fourth notification comes from the Financial Systems Help Desk (pcrdhelp@andrew.cmu.edu) when an unverified transaction is great than or equal to 31 days. This message notifies the Cardholder, as well as the designated Approver, that the charge is now 31 days or older and that the card is on hold.

The Cardholder will receive the appropriate number of violation points for having unverified transactions greater than 30 days.

5.19 Returning an Item

To return an item, the Cardholder should contact the supplier of the item for information on how to process

a return. Following the supplier's procedures, the item should be returned directly from the Cardholder to the supplier and payment adjustment should be agreed upon at that time.

When returning an item, Cardholders should verify the credit just as they would a purchase. They may note in the justification that the item has been returned for refund. Once the credit has been received, the credit should be verified to the same account string as the original charge. When verifying the credit transaction, the cardholder should attach the supporting receipt for the credit and include the PRC reference for the original purchase in the justification.

5.20 Billing Errors

If a billing error is discovered when verifying transactions in Oracle, the Cardholder should contact the supplier. If the supplier concedes that an error was made, a credit should be requested to the Cardholder's account. The credit, once posted into Oracle, should then be verified to the same account string to which the original charge was applied. The credit letter is then scanned and attached to the Oracle transaction record.

5.21 Disputing a Charge

Within sixty days of the transaction date, a Cardholder may dispute a charge that appears on his/her account with the issuing bank. If the Cardholder does not recognize a charge or it appears to be incorrect, they should first attempt to work directly with the supplier for resolution.

If the dispute is not resolved with the supplier within seven days, the Cardholder should formally dispute the charge by submitting a completed [Billing Inquiry form](#) with a copy of all supporting documentation to the Financial Systems Help Desk at pcrdhelp@andrew.cmu.edu. The form should not be faxed to the card-issuing bank.

Once submitted, a temporary dispute credit will automatically be issued to the Cardholder's account for the amount questioned within two to seven business days. Once the dispute credit appears in Oracle, the Cardholder should verify the original charge and dispute credit within the same PRC and to the identical Oracle account string.

Upon completion of the investigation, the issuing bank will notify the Financial Systems Help Desk of the final resolution of the disputed charge. The Financial Systems Help Desk will notify the Cardholder of the status of the disputed charge.

If the dispute is not resolved in the Cardholder's favor, the PCard will be charged the disputed amount and the Cardholder must verify the recharged transaction in Oracle.

5.22 Internal Controls

Cardholders are expected to follow all policies and procedures outlined in this manual and the university Purchasing Policy for purchases when acquiring goods and services. Compliance with these guidelines is managed through a point system administered by University Audit Services. Carnegie Mellon's point system encourages compliance with the university's policies and procedures and requirements, while recognizing proportional differences in the severity and frequency of violations by assigning a designated point value for violations.

5.22.1 Reporting Point Balances

Semi-annually, the department's business manager and/or designated ALG member are given a summary of the cumulative balances, as well as a listing of violations and their assigned respective points identified during the same period for the Cardholders in their respective area. Accompanying these reports is a summary of total transactions and spend by Cardholders. It is the discretion of the business manager and/or designated ALG member to adjust departmental procedures or address individual Cardholder violations and/or spending habits to prevent future violations.

5.22.2 Reduction of Point Balances

For Cardholders with point balances for violations, semi-annually (i.e., each six-month period ending December 31 and June 30), the department's business manager and/or designated ALG member will be provided with a report of the violation activity for the period. If the Cardholder had Purchasing Card activity and adhered to the Purchasing Card Guidelines without any violations during that six month period, up to two points will be deducted from his/her cumulative violation point balance (with the approval of the relevant business manager and/or the designated ALG and University Audit Services), for a maximum deduction of two point per each semi-annual review or four points per year. At no time will points be deducted to give a Cardholder a negative cumulative point balance.

5.22.3 Card Suspensions

Cardholders whose cumulative point balances exceed certain thresholds will have their card privileges suspended as follows:

i. Six Point Suspension

A suspension occurs when a Cardholder attains a cumulative balance of six points. Entire card privileges will be suspended for three months.

Regardless of suspension, Cardholders must resolve any outstanding issues at the time of suspension, and verify any charges remaining on the PCard in a timely manner. During the suspension, a card audit will be performed. Cardholders are

expected to comply with all audit requests. Card audits may take two to four business weeks.

Cards will not be reinstated without an audit. Spending volume, number of transactions and the Cardholder's violation history will be considered at the time of audit and factored into the assessment of the Cardholder's activity based on the audit results.

If the audit results are deemed acceptable as determined by University Audit Services, the card may be reinstated based on management's discretion, which occurs via a request for reinstatement from the Cardholder's designated ALG member and after the three-month suspension has passed.

Once a card is reinstated, the guidelines for the Purchasing Card program continue to apply. The Cardholder's designated ALG member determines if the Cardholder needs to be re-trained on these Purchasing Card guidelines.

ii. Twelve Point Suspensions

If a Cardholder attains a cumulative balance of 12 points, PCard privileges are automatically suspended for a minimum of one year and could result in a permanent suspension of the Cardholder's ability to use a PCard. Card suspensions occurring due to a cumulative balance of 12 or more points require an audit of the card activity and re-instatement of the card is determined on a case-by-case basis at the discretion of the Cardholder's designated ALG member and University Audit Services.

iii. Automatic and Permanent Suspension

Some violations are especially serious and result in the automatic and permanent suspension of PCard privileges. These violations include use of the PCard for personal purchases (other than those inadvertently made, self-reported and timely reimbursed), payments for facility rentals and leases, or the retention of a financial rebate or incentive or free products or goods associated with a PCard transaction for personal use. The university reserves the right to suspend or deny card access for any employee for any lawful reason.

5.22.4 Purchasing Card Violations – Definitions

i. Inadequate Justification

When verifying transactions made on a Purchasing Card, the cardholder must provide a detailed description outlining the business purpose of the transaction and the receipt should be detailed to identify what specific items were purchased,

regardless of funding source. All items purchased by the university must have a clear, university-related business purpose. The description of the business purpose should describe the “Who, What, When, Where (to extent possible), and Why (How)” related to a purchase and should provide support to the approvers, auditors, management, sponsors, donors, etc. as to how the expense is an appropriate business expense, for example, “Costs related to purchase of new hard drive for Professor X’s computer in May as a result of a hardware failure.” The business purpose needs to be included in the justification to ensure that the university is compliant with IRS regulations.

Without a clearly stated, valid business purpose, the expense may be considered a personal benefit for, and treated as taxable income to, the Cardholder. If a Cardholder purchases an item that does not have a clear, valid business purpose (which must be documented/described within the “justification” when verifying the transaction), the Cardholder will receive the appropriate number of violation points for having an inadequate justification/receipt.

ii. **Missing Purchasing Checklist & Bid Summary Form**

If the Purchasing Checklist & Bid Summary Form is not attached, this will result in a non-compliance notice to the Cardholder. For all purchasing card transactions with Non-Preferred Suppliers that are \$3,001 or greater in total, a [Purchasing Checklist & Bid Summary Form](#) must be completed in advance of making the purchase. A completed Purchasing Checklist & Bid Summary Form must be attached to the applicable PRC within Oracle when required. These transactions should not be approved within Oracle unless a completed Purchasing Checklist & Bid Summary Form is attached to the PRC.

The thresholds outlined above relate to the cumulative total of payments made for a single purchase or event, including situations where a deposit is required for an event and processed in a separate transaction from the remaining outstanding balance payment or if a transaction cost is allocated across several organizations or cost centers. Individuals who fail to complete and attach the necessary documentation will receive the appropriate number of violation points for having missing bid documentation.

5.23 Appendix A - Assistance Using the Purchasing Card

Cardholders have the following resources for assistance when using the PCard:

5.23.1 Financial Systems Help Desk: 412-268-4666 or pcrdhelp@andrew.cmu.edu

- General PCard use guidelines
- Guidance on Oracle Financials System issues for the PCard application
- Questions regarding PCard limits, declined charges, disputed transactions and allowable purchases
- Assistance with obtaining a PCard
- [Frequently Asked Questions](#)

5.23.2 PNC Bank (1-800-685-4039)

- Report lost, compromised or stolen cards.

5.23.3 Procurement Services procurement-inbox@andrew.cmu.edu

- assistance with procurement policies and procedures
- questions regarding the Preferred Supplier program

5.24 Appendix B - Purchasing Card Point Violation System

Points are assigned to cards monthly as continuous audits are performed and violations of these Purchasing Card Guidelines are identified. The chart below outlines the point value for each type of PCard violation as described in each section:

Procedural Purchasing Card Violations	Points	Section
Missing Receipts	1	5.17
Unverified transactions greater than 30 days	2	5.18
Inadequate Justification	1	5.22.4
Missing Bid Checklist	3	5.22.4
Purchasing Card Violations - Non-Compliant Purchases	Points	Section
Self-reported Personal Purchase (first instance)	1	5.7
Self-reported Personal Purchase (after first instance)	3	5.7
Alcoholic Beverages (charged to certain sponsored projects/programs)	2	5.8
Professional Services	3	5.8
Other Services (without supporting documentation and/or ≥ \$3,001)	3	5.8

Software (without supporting documentation and/or ≥ \$3,001)	3	7.2
Travel (60 miles outside home campus)	2	8.17
Gas Cylinders, Hazardous Materials and Live Animals	2	8.1
Employee Moving or Relocation	2	6.3.2
Warehouse/Club Memberships	1	8.18
Communication/Internet Plans/Devices	2	8.7.1
Sharing of Purchasing Card	3	5.9
Split Transaction	3	5.10
Gift Purchases (without supporting documentation)	2	5.12
Prize or Award Purchases (without supporting documentation)	2	5.13
Other prohibited items (as defined in the Procurement Manual)	2	N/A
Automatic and Permanent Suspension	Points	Section
Unreported Personal Purchase	N/A	5.7
Rental of Storage Space or Facilities/Leased Space	N/A	6.3

6.0 Purchasing Order Guidelines

6.1 Purchase Orders

POs are legally binding commitments. Although they can be utilized at any amount, they are the preferred and often required purchasing method for goods or services, inclusive of those that require a greater element of control (e.g., hazardous materials, live animals, lasers and other radioactive devices) or have the potential to present significant legal or commercial risks to the university.

A PO is a commercial document created in the Oracle Financials System and issued by a university Buyer to a supplier. The PO indicates types, quantities, and agreed upon prices, etc. for goods and/or services that the supplier will provide to Carnegie Mellon. Providing a PO to a supplier constitutes a legal offer to buy the goods and/or services. Supplier acceptance of the PO forms an agreement between the university buyer and the supplier that those goods or services will be delivered within the terms set forth on the PO. All POs must include the link to the proper [PO Terms and Conditions](#) referenced on the face of the PO and available from the Finance Forms page.

All transactions using POs must comply with university policies and procedures regarding the purchase of goods and services. This document describes the requirements, responsibilities and procedures particular to the use of POs.

6.2 Roles and Responsibilities

It is essential for Carnegie Mellon to maintain an environment where the university can conduct business efficiently, effectively and ethically with its suppliers while meeting complying with generally accepted accounting principles and applicable laws and regulations of the countries where CMU conducts business. This requires buyers to fulfill their roles and responsibilities when making purchases on the university's behalf.

Collaboration of teams and individuals across the university is required to ensure that Carnegie Mellon can serve the campus community while meeting its compliance obligations.

This process includes the purchasing department and administrative unit responsibilities, and their partnerships with intradepartmental units such as the Finance Division and University Contracts Office.

6.2.1 Department and Administrative Unit Responsibilities

Carnegie Mellon's operations are generally decentralized, leaving the authority and accountability for university-related purchasing decisions for a Department within the Department making the purchase.

Purchasing responsibilities are delegated to several roles within the university: the Department (generally through the Department's designated Administrative Group Leader member and/or Business Manager), the Approver (including checkpoint approver), the Buyer and the Requisition Requestor.

6.2.2 Requisition Requestors

Requisition requirements vary by department and ledger. Please consult with your appropriate business manager for clarification if a requisition is required. It is the responsibility of the Requisition Requestor to:

- determine needs for goods or services that will be procured with a PO;
- submit a requisition (informal or system generated);
- suggest a specific supplier for each requisition line, as applicable;
- identify a Buyer for each requisition line; and
- indicate EBTax classifications for AUS requisitions.
- Abide by all university policies and procedures.

6.2.3 PO Buyer

It is the responsibility of the PO Buyer to:

- Ensure purchases are within department/division budget.
- know the source of funds to be utilized;
- comply with the prescribed policies and procedures established for purchasing;
- follow award specific guidelines as appropriate;
- only make purchases for university-related business;
- comply with the university's and the department's process for record retention;
- ensure purchases are charged to the appropriate Oracle general ledger or grants management string;

Prior to placing an order with a supplier, it is the responsibility of the Buyer to ensure that the below actions are completed:

- Obtain appropriate approvals
- determine need and prepare/understand specifications of what is needed;
- complete the Purchasing Checklist & Bid Summary Form, as required for purchases over the micro purchase threshold of \$3,000.
- conduct competitive bidding when the value of purchases is expected to exceed competitive bidding thresholds per the Buyer Actions Matrix & Guide;
- select supplier and rationalize choice as required;
- negotiate appropriate business terms, if not already in place;
- document price reasonableness as required;
- notify and coordinate with the UCO to ensure any necessary contractual agreements are put in place per Supplier Contracting Guidelines;
- create PO in the Oracle Financial System, attaching Purchasing Checklist & Bid Summary Form as well as any other supporting documentation (e.g., bid details, MOUs, or MSAs), via the attachment functionality ;
- submit PO for approval in Oracle Print approved PO and provide to supplier

After the order is placed with the supplier, it is the responsibility of the Buyer to:

- physically receive goods (if applicable) and compare receipt with original order;
- ensure that suppliers provide the services and deliverables subject to their contractual requirements;
- negotiate settlements of disputes with supplier (with assistance from Procurement Services, if desired);
- electronically receive the goods and services in the Oracle Financial System to indicate acceptance and readiness for payment;
- maintain documentation supporting transactions placed on POs in accordance with the [Financial Records Retention Policy](#); and
- provide invoices and packing slips to AP as necessary.

In addition, Buyers can request the assistance of Procurement Services during the procurement process.

6.2.4 PO Approver

The Approver reviews the PO and supporting documentation and is responsible for knowing and ensuring:

- purchases are within department/division budget;
- the appropriate source of funds is utilized;
- charges represent appropriate university-related business expenses and have proper business justifications;
- charges comply with the university's policies and procedures;
- expenses are charged to the appropriate Oracle general ledger or grants management string;
- transactions meet documentation requirements including: executed contracts, UCO approvals, completed gift/prize/award processing forms, Purchasing Checklist & Bid Summary Form, etc.
- should be versed in university purchasing policies and procedures.
- it is recommended approvers attend buyer trainings for greater clarification and sufficient knowledge of the purchasing processes.

6.2.5 Designated ALG Member

It is the responsibility of the designated ALG member to:

- inform the Financial Systems Help Desk if any potential violations or suspected misuse is identified.
- ensure that departments and Buyers within their organization are accountable for compliance with the policies and procedures for purchasing;
- approve requests for access to the Oracle Financial System;
- evaluate and approve or reject requests for exceptions to policies and procedures; and
- determine if further action is necessary to reduce the amount of sales tax that was paid by the university.

6.2.6 Finance Division Responsibilities

The Finance Division administers the Purchasing program and the Oracle Financial System at Carnegie Mellon. Responsibility of the Finance Division, regarding general purchasing support includes, but is not limited to:

- establish policies and procedures that meet the requirements established by applicable laws and regulations, accounting standards and the university's Board of Trustees;
- provide training regarding policies and procedures;
- communicate changes to university policies and procedures (related to finance);
- manage requests for exceptions to policies and maintain records of approved exceptions;
- provide and maintain the Oracle Financial System for the processing and management of university transactions;
- administer the process of enrolling new Oracle users and processing changes to current Oracle user responsibilities;
- provide Help Desk support for the Oracle Financial System and other finance systems;
- approve or reject PO transactions routed to Finance for approval;

- coordinate with the UCO to maintain standard PO Terms and Conditions;
- manage the Preferred Supplier program and the process for entering all suppliers into the Oracle Financial System;
- maintain Carnegie Mellon's supplier information (including applicable tax documentation) in the Oracle Financial System;
- pay suppliers when appropriate invoices/PO matches and/or approvals have occurred; and
- audit transaction activity for compliance as required.

6.3 Utilizing Purchase Orders

POs are designed to allow Carnegie Mellon Buyers the ability to purchase goods and services that cannot be purchased with the university Purchasing Card and must be utilized for amounts over the micro-purchase threshold of \$3,000, regardless of the funding source (federal or non-federal). Certain purchases must be procured via a purchase order and are detailed below.

6.3.1 Rental of Storage Space or Facilities/Leased Space

Buyers must use a PO as payment for leased space or rental of storage space or facilities when the rental will be more than a one-time rental. Leased space or storage space/facility rentals include, but are not limited to, the lease or use of office, classroom or laboratory space; storage facilities or units, including PODs, storage units, trailers, or other portable moving containers; and/or the use or lease of private residences. Leased space agreements must be reviewed by the UCO prior to entering into an agreement.

The most efficient way to create a PO for a lease would be a blanket or drawn down PO, where the PO is created for the entirety of the lease, and payments are issued as line items against the initial amount. For more information regarding this process, please consult the Oracle help desk.

If a Buyer has a question about whether a rental of a facility constitutes a one-time rental, contact the UCO.

6.3.2 Employee Moving or Relocation

Buyers must use a PO as payment for employee moving or relocation charges when not an internal move (e.g., office or lab move). For an extensive list of what types of expenses are considered moving or relocation expenses, visit the [Relocation FAQs](#) located on the Business & Travel Expense Policy website.

The moving or relocation supplier must have an executed contract in effect with the university prior to work being conducted and to request payment from the university. Please refer to [Procurement Services Supplier Directory](#) for university preferred external movers.

6.3.3 Restricted Purchases

For more information regarding these purchases, see [Section 8.0 Restricted Purchases and Special Procurement](#).

6.4 PO Creation Process

Authorized Buyers must create POs in the Oracle Financials System prior to the delivery of the goods or services being purchased. Specific information related to how POs are entered, approved, received on and modified in the Oracle Financials System can be found in the [Oracle Purchasing User Guide](#).

6.5 Blanket POs

A blanket PO is a PO written for a total dollar amount which can be used to facilitate purchases that will require periodic payment over time (leases, frequently used suppliers, etc.).

Although blanket POs are created with a PO type Standard, the blanket PO allows the Buyer to submit periodic invoices directly to AP without creating a new PO, or new PO line, for each purchase. Additionally, because a new PO or line item to an existing PO has not been created for each new invoice, there are no recurring approvals required in the Oracle Financials System. The invoice amount is deducted from the total value of the approved blanket PO until the amount of the PO is exhausted or all goods/services have been received. Please note, the PO should only be received upon as goods or services are received, to ensure invoice payment is compliant with university terms and conditions. Blanket POs should be created at the onset of a contract for committed funds or annually when possible.

There are two types of blanket POs, those for committed and non-committed funds:

6.5.1 Committed Funds

Committed funds refer to funds that are contractually obligated to be paid. Blanket POs for committed funds follow the same process and requirements as a standard PO.

6.5.2 Non-Committed Funds

Blanket POs for non-committed funds can be utilized by campus to enable the purchase and payment of multiple purchases below the bid threshold. Non-committed funds refer to non-contractually obligated purchases.

Blanket POs with an amount greater than \$3,000, should be utilized with the approval of

Procurement Services to ensure compliance with all competitive thresholds, and requirements governing university and sponsored funds.

Initial values calculated for POs are to be determined based on planned amounts, budgeted amount or historical spend.

New blanket POs for non-committed funds should be created at the beginning of each fiscal year that they are required.

6.6 No Charge POs

No Charge, or Zero Dollar, POs are normally utilized for transactions where there is no cost to the university, but there is a need to document the transaction for ownership, responsibility or liability reasons (e.g., physical custody of property is granted to the university without transfer of title or accountability). Whenever a supplier intends to leave a good (e.g., piece of equipment or software) on university property for loan or evaluation, it is necessary to pre-establish the ownership rights, the value of the equipment or software, the responsibility and liability for its proper use, protection and return. Therefore, commitments for loaned or evaluation goods are to be made via a “no-charge PO”.

Buyers are responsible for assuring university protection, negotiating and documenting the instances where suppliers provide the university with goods as a loan or an evaluation trial in anticipation of making a sale.

All applicable policies and procedures must still be followed if at the end of the loan/evaluation period, it is determined that the university is interested in purchasing the goods. Although there is no cost to the university, contractual terms typically still exist and need to be reviewed with the UCO.

6.7 Approval Process

Carnegie Mellon uses the Oracle Financial System as the system of record to demonstrate policy compliance and to document various approvals that are required prior to the issuance of a PO. All POs must be approved before they can be sent to a supplier.

See the [Oracle Purchasing User Guide](#) for more PO approval workflows information.

6.8 Receiving Goods

When goods are received, the Buyer is to ensure that the delivered materials have been inspected for damage, missing parts or errors in shipment and that the material received is compared to the packing list. For services, confirm that expected services have been performed in accordance with the contractual terms and conditions and that all deliverables have been received as outlined in the applicable contract. If the goods/services have been delivered as expected, create a receipt for them in the Oracle Financials System by receiving the invoice

against the PO.

Carnegie Mellon's payment process requires a three-way match for payment of invoices. This means that when an invoice is received from the supplier and entered into the Oracle Financials System by AP, it must be matched to both a PO and a receipt for payment to be made to the supplier. A receipt acknowledges that the goods or services represented by the invoice have been received. Invoices for goods or services that do not have a receipt in the Oracle Financials System will go on hold and the supplier will not be paid until a receipt is completed.

See the [Oracle Purchasing User Guide](#) for additional information about creating PO receipts.

6.9 Returning Goods

To return an item, the Buyer should contact the supplier of the item for information on how to process a return. Following the supplier's procedures, the item should be returned directly from the Buyer to the supplier and payment adjustment should be agreed upon at that time. Always request a Return Authorization Number from the supplier prior to returning goods. This facilitates the returned good by ensuring that the supplier is expecting the package and enabling them to more effectively receive it upon delivery. If there is a problem with the return, having this number will be a great benefit.

If the item(s) being returned had already been marked as received in the Oracle Financials System, remember to do a return for the item(s) in the Oracle Financials System, as well. If the invoice for the item(s) was already processed by AP and the payment has already been made, a credit memo should be received from the supplier. If the invoice has been processed, but not yet paid, the Buyer should not receive on the PO so that the payment is placed on hold until a credit memo is received or until the corrected purchase is received. If the issue cannot be resolved with the supplier, contact Procurement Services.

See the [Oracle Purchasing User Guide](#) for additional information about creating PO returns.

6.10 Payment Terms

Carnegie Mellon's standard payment terms are Net 30 from the date of the invoice. This means that the net amount, or the total outstanding on the supplier invoice, is to be paid in full 30 days after the goods or services have been received, invoiced and the three-way match has occurred in the Oracle Financials System.

Prepayment for goods or services should be avoided.

6.11 Invoice Processing and Credit Memos

All suppliers should send invoices to Accounts Payable (AP) at AP-Help@andrew.cmu.edu for payment. AP will match the invoice with the PO and the Buyer created system receipt, if applicable, and schedule the invoice

payment date. The Buyer is responsible for tracking and ensuring that credit memos issued for returned items are received from the supplier in a timely manner and that they are credited to the correct account. AP ensures that all credits memos recorded are consumed through review of the trial balance.

Contact Procurement Services if a dispute with a supplier cannot be resolved with AP.

6.12 Record Keeping

The buyer is responsible for assisting in the record keeping process in accordance with the practices of their home department and university policy. Buyers are required to maintain documentation related to their purchases including Purchasing Checklist & Bid Summary Forms, contracts and other supporting documentation. It is the buyer's responsibility to attach the Purchasing Checklist & Bid Summary Form, and any supporting documentation, to the PO via the Oracle attachment function. For more information regarding record retention, please refer to the [Financial Records Retention Policy](#).

6.13 Regular Maintenance and Closure of POs

The Buyer is responsible for the routine maintenance and closure of PO's, as appropriate. This aids in ensuring the accuracy, completeness and timeliness of expenses, corresponding payments and available funding.

- [Adjust or clear encumbrances](#) on POs once the true cost of the purchase is known, the purchase has been completed, or the purchase has been cancelled.
- Cancel POs or lines of a PO that are no longer going to be utilized.
- Change the Buyer on a PO if a different Buyer takes on the responsibility of managing that PO.

Online tutorials related to clearing encumbrances can be found on the [Finance Training website](#).

6.14 Purchase Order Assistance

Buyers have the following resources for assistance when utilizing POs:

6.14.1 Financial Systems Help Desk 412-268-4666 or pcrdhelp@andrew.cmu.edu

- general guidelines for use of POs
- guidance on issues with the Oracle Financials System
- questions regarding creating, receiving, redistributions, workflow
- assistance with obtaining Oracle Financials System access

- [Oracle Purchasing User Guide](#)
- [Frequently Asked Questions](#)

6.14.2 Procurement Services: procurement-inbox@andrew.cmu.edu

- assistance with procurement policies and procedures
- guidance on purchasing actions including scope or requirements development, solicitation of bids, supplier negotiation, and bid analysis
- questions regarding the Preferred Supplier program

6.14.3 Finance Training: www.cmu.edu/finance/training

- [Purchasing Training Manual](#)
- [PO Encumbrance Clearing Tutorial](#)
- [All Inquiry Tutorial](#)

7.0 Supplier Contracting Guidelines

7.1 University Supplier Contracting

A contract defines the business arrangements and legal obligations between the university and selected suppliers. The university must obtain protections in the contract from the substantive risks associated with the purchase of the goods or services, regardless of the purchase method utilized.

These guidelines document the supplier contracting process and describe situations when a contract is required before any university purchase can be made from a supplier. To facilitate compliance with this procedure, the UCO administers the review and assists in the negotiation of most supplier contracts for the university.

7.2 When is a Contract Required?

Carnegie Mellon requires a contract in cases where the university may be exposed to substantive financial or legal risks from the purchase of goods or services. An example list of services that require contracts is available on the [UCO website](#). A contract is typically required when the university purchases a service from a supplier. A supplier may also require an executed contract before it provides goods or services to the university.

There is no minimum financial threshold required for a contract. Purchases for small dollar amounts or at no cost to the university may present legal or financial risks to the university that are many times greater than

large dollar purchases. Contracts are required regardless of the purchase method including, but not limited to, Purchase Orders or PCards.

Common situations in which a contract is required:

- Services that involve the performance of labor by individuals while physically present on the university's premises
- The purchase of services where deliverables (e.g., software, a report or a website) are created
- The purchase of professional services, including temporary employment and consulting services
- Agreements for leased space or facilities
- Space rentals for off-campus events including expos, exhibitions, etc.
- Catering services
- Cloud services, software-as-a-service, software licenses, software maintenance agreements and renewals
- Equipment leases
- Custom made goods
- Contract renewals
- When creating a contract, the focus is generally on:
 - Ensuring that the contract reflects all the substantive agreed upon business terms, including pricing and payment terms
 - Obtaining the appropriate commitments, representations and warranties from the supplier
 - Obtaining the appropriate indemnifications from the supplier when warranted
 - Eliminating any inappropriate limitations on the supplier's liability to the university
 - Protecting confidential information
 - Obtaining ownership of, or the appropriate right to use, intellectual property (when applicable)
- The potential for disputes or claims arising out of the services or products purchased, including infringement claims

- Compliance with applicable laws and university policies
- Responsibility for applicable taxes

There is no minimum financial threshold required for a contract. Purchases for small dollar amounts or at no cost to the university may present legal or financial risks to the university that are many times greater than large dollar purchases. In addition, contracts are required regardless of the purchase method including, but not limited to, Purchase Orders or Purchasing Cards.

7.3 Who May Sign a Contract?

The authority to sign contracts is governed by the university's [Signature Authority for Legally Binding Commitments and Documents Policy](#). Individuals may not sign contracts on behalf of the university unless they have the authority to do so in accordance with this policy. Signatures include both physical signatures in ink, electronic signatures, and ["click-through" agreements](#) that acknowledge the acceptance of, or agreement to terms and conditions.

In accordance with this policy, the director of the University Contracts Office is authorized to execute supplier contracts for purchases up to \$250,000. Contracts for purchases more than \$250,000 will be routed by the director to the appropriate university signatory.

7.4 Types of Contracts

A contract or agreement is a legal document between two or more parties that specifies the financial, business and legal terms between those parties. At Carnegie Mellon, a contract may take the following forms:

7.4.1 Master Services Agreements (MSAs)

A Master Services Agreement (MSA) is a contract between Carnegie Mellon University and a supplier that specifies the substantive legal and business terms of the university's purchases of goods or services with that supplier. The MSA is designed to be used repeatedly by the university to procure goods or services from that supplier over a period of time using the same agreed to terms, reducing some of the burden of repeated contracting. A MSA does not include negotiated pricing.

The department will need to negotiate pricing or other specific business terms of the specific good or service that will be purchased (for example, quantity or timing of delivery). Use of an MSA to purchase a good or service generally requires the university to enter into an additional contract document with the supplier to document the specific business terms of the purchase that have not been agreed to in the MSA, which may take the form of a Statement of Work (SOW) that references the MSA. Any document which requires signature should be sent to the UCO, regardless if there is an MSA in place.

7.4.2 Preferred Supplier Agreements

A contract between the university and a supplier that specifies all business and legal terms (including pricing); no further negotiation is required to make a purchase (subject to the procurement limitations of Carnegie Mellon's Purchasing Policy).

7.4.3 Statement of Work (SOW)

A document that details the work activities, deliverables, timelines, and other requirements of a supplier in performing specified work. Detailed requirements and pricing are also usually included in the SOW. In most cases, a statement of work must be combined with a Master Services Agreement or Preferred Supplier Agreement to comprise a contract, since SOWs generally do not contain all of the terms and conditions of the purchase.

7.4.4 Other Types of Contracts

Other types of contracts include, but are not limited to, Professional Services Agreements, Software License Agreements, Cloud Services Agreements, Cloud Subscription Services, Software-as-a-Service, Data Set Agreements, Click-thorough Agreements, work orders, supplier quotations, supplier proposals, Memorandums of Understanding, and Letters of Intent. Electronic authorization, verbal agreement or signature creates a binding legal agreement between the university and a supplier.

7.4.5 Contracting Guidelines for Student Activities (Club or School-Sponsored)

To determine if UCO approval is required for contracts for student activities, the following questions are asked:

	UCO Signed Agreement Required	Waiver Required
The event is academically required	Yes	No
The event is on-campus	Yes	No
The event is inherently dangerous (Note: UCO determines if an activity/event is inherently dangerous. Contact Office of General Counsel with questions about the waiver and the waiver form.)		Yes
CMU staff or faculty will attend the event (Attendance of CMU staff or faculty creates the appearance that the event is "heavily advised" and might be an official CMU event which would require UCO contract approval. Arranging/handling payment	Yes	

does not mean that the event is heavily advised.)		
Agency funds will be used to pay for the good or service (Assuming other conditions do not apply).	No	

Contact the UCO prior to purchase to determine whether a contract is required. Agency funds consist of funds held by the university that belong to organizations external to the university. An example of agency funds are funds held on behalf of student activity groups/clubs. In the Oracle Financials System, agency accounts are included in general ledger strings ending in 95 or 96. If a contract was required after discussion and determination by the UCO, an executed contract or a written approval from the UCO must be obtained prior to the purchase of services utilizing agency funds and this must be attached to the applicable PRC or the Purchasing Checklist & Bid Summary Form. If the purchase does not require completion of the Purchasing Checklist & Bid Summary Form, executed contracts or copies of the communication between the Buyer and the UCO should be forwarded to Procurement Services at procurement-inbox@andrew.cmu.edu.

7.5 Contracting Roles and Responsibilities

Ensuring that a contract contains the agreed to business terms and that the university is protected against unnecessary risk and is complying with its legal and financial obligations associated with that contract (including audit requirements) requires a collaborative process with roles and responsibilities shared by many members of the campus community.

7.5.1 Buyer/Department Responsibilities

- Understand and comply with Carnegie Mellon's purchasing policies and procedures.
- Negotiate the business terms of the purchase, including pricing and delivery, with the supplier.
- For purchases made with sponsored project funds: understand the source of funding for the purchase and the purchasing requirements and restrictions of the organization/entity (e.g., a corporate or federal sponsor) that funds the purchase. Note that purchases funded by sponsored project agreements should typically be forwarded for review to the Office of Sponsored Programs (OSP) rather than the UCO. The Office of Sponsored Programs will need to ensure that the purchase and related contract for the purchase meets the requirements of the sponsored project agreement for reimbursement.
- As a result, purchases funded by sponsored project agreements should, as a general rule, be sent to the Office of Sponsored Programs and not the UCO.

- For non-sponsored purchases, communicate details required for the contract to the UCO in a timely manner, including:
 - The complete legal name and address of the supplier
 - A description of the goods or services to be purchased
 - When the services will be performed or goods will be purchased/delivered
 - Where the services will be performed or goods will be delivered
 - All requirements and specifications for the goods or services to be purchased; (including any quotes, proposals or other documents relating to the purchase)
 - The contact person within the department who will respond to questions about the business terms of the purchase

Provide timely review of the contract drafts for consistency with agreed business terms and advise the UCO of any inconsistencies.

- Provide timely response to questions from the UCO.
- Provide timely submission of any additional documents, such as vendor certificates of insurance, as requested by the UCO.
- Act as the liaison between the supplier and the university and other university departments which may have an interest in the commitment (e.g., Insurance Services, Facilities Management Services, Environmental Health and Safety) to facilitate contract negotiation.
- Work with Insurance Services to obtain from or provide to the supplier the required insurances and/or the certificates of insurance evidencing the required insurance.
- Once the contract has been executed: (i) adhere to the provisions of the contract, (ii) monitor performance of the supplier under the contract and promptly advise the UCO, the Office of General Counsel, or Procurement Services of any subsequent issues or problems involving the supplier or the contract and assist them in resolving those issues or problems, and (iii) track the termination and renewal periods of the contract.
- Request and maintain copies of executed agreements and/or correspondence between themselves and the UCO indicating UCO approval. This documentation must be attached to the applicable PRC within Oracle when required.

7.5.2 UCO Responsibilities

- Review contract requests in a timely manner.
- Prior to affixing a university-authorized signature, review the contract for accuracy, risk reduction and terms favorable to the university.
- Assure that:
 - a legal review of the contract (or the terms of the contract has occurred), as appropriate;
 - all university requirements have been met; and
 - any other university department which an interest in any of the commitments under the contract may have (e.g., Insurance Services, Registrar, Information Security, Disability Resources, Facilities Management Campus Services, Environmental Health and Safety, etc.) is notified or consulted in advance, as appropriate.
- Work with the department to draft or review contract language that will protect the interests of the department and the university.
- Manage the escalation of issues, including, but not limited to, items such as warranty disputes, interpretation of any contractual terms, and termination for cause or convenience.
- Draft contract provisions consistent with the department's and university's requirements and university policies.
- Review contracts for compliance with Carnegie Mellon legal and policy requirements.
- Assist Buyer/department in negotiating resolution to issues that are acceptable to Carnegie Mellon and the supplier when possible.
- Discuss the risks of various contract provisions with the Buyer/department where appropriate and respond to questions about various contract provisions from the Buyer/department where appropriate.
- Sign approved contracts for purchases having a value up to \$250,000 and assist in the management of the signature process for other contracts in accordance with university policy.
- Maintain a database of contracts executed by the UCO.

7.5.3 Procurement Services Responsibilities

- Assist Buyers/departments with understanding Carnegie Mellon purchasing policies and procedures.
- Assist Buyers/departments in identifying existing contracts that may be used for purchases.
- Provide appropriate assistance in negotiation of commercial relationships.
- Negotiate legal terms in accordance with the university's accepted terms.
- Assist Buyer/department in issue/conflict resolution with suppliers engaged by CMU (Note: it is the Buyer/department's responsibility to timely advise Procurement Services, UCO and/or the OGC of any issues with any supplier or contract and to provide such assistance to them as may be required to resolve the issue/conflict).
- Act as the liaison between the supplier and the university and other university departments which may have an interest in the commitment to facilitate contract negotiation.

7.6 Contract Creation and Review Process

The contract creation and review process are best facilitated with clear, timely and active communication between all participants in the process. The objective of this process is a contract that meets the needs of the department while ensuring that necessary contractual protections for the department and the university are in place.

The process to request a contract is:

Step 1. Buyer/department submits initial request to UCO.

The department should submit all contract requests to the UCO by emailing university-contracts@andrew.cmu.edu. (Note: Contract requests for purchases funded by sponsored project agreements should be submitted initially to the Office of Sponsored Programs at osp@andrew.cmu.edu and not the UCO.)

Along with the request, the department should include:

- An appropriate description of the requirements, including the supplier's complete name and address, a description of the goods or services to be purchased.
- When the services will be performed or goods will be purchased/delivered.

- Where the services will be performed or goods will be delivered.
- Other requirements and specifications for the goods or services to be purchased.
- Source of funds for the purchase.
- Contact person within the buyer's department who will respond to questions about the business terms of the purchase.

If the supplier has already provided a draft contract for review, that contract should also be attached to the email. In addition, if the Buyer/department has issued a request for proposal (or similar document) and/or the supplier has responded with a proposal, these items should also be attached to the email.

IMPORTANT: The Buyer/department must always read the supplier's proposed draft contract prior to sending it to the UCO. In the email to the UCO, the Buyer/department should advise the UCO of the provisions of the contract with which it does not agree, understand, or do not reflect the agreed upon business points with the supplier, etc.

If the contract request is time sensitive, that fact should be indicated in the subject line or prominently in the body of the email (e.g., THIS CONTRACT IS NEEDED FOR AN EVENT TO BE HELD_____ [insert actual date]).

The contract request will be assigned to a UCO representative who will create and/or review the contract and assist the Buyer/department in the negotiation and resolution of issues with the supplier.

Step 2. UCO creates and reviews the contract.

The UCO will perform an initial review of the request to determine how next to best proceed.

The UCO may also determine if a Master Service Agreement with the supplier exists or whether a recent contract has been negotiated with the same or similar supplier or service. If a Master Service Agreement exists, the UCO will determine if the service to be provided may be covered by the Master Service Agreement. If it is covered, the UCO will advise the Buyer/department of any additional requirements, such as documentation of the project scope and signature requirements before the service can begin.

If a contract needs to be drafted, the UCO will draft a contract with the intent of accurately documenting the business terms of the purchase, including the pricing and payment terms. In addition, the UCO will include language in the contract that adequately protects the university from a financial and legal perspective.

When reviewing a draft contract provided by a supplier, the UCO applies the same standards

to ensure that the business terms are described accurately and that the university's interests are protected from a financial and legal perspective.

When drafting or reviewing a draft contract, the UCO may need the Buyer's timely response to specific questions on various business or legal issues identified to provide a draft contract or finalize the review. The department and the UCO must work together to understand the business terms, and the risks associated with the specific purchase under the contract and the consequences should the product or service fail, to draft an appropriate contract.

Step 3. UCO forwards contract to department for review.

Once drafted or reviewed, the UCO will forward the reviewed/drafted contract to the department and highlight any remaining questions or issues, or any particular areas of risk.

It is the department's responsibility to review the draft contract to ensure that it reflects the desired business terms. If the department is not in agreement with the draft contract (e.g., it does not reflect the desired business terms) or has questions about the draft contract, the department should contact the UCO for further revisions or discussion.

Step 4. The department forwards the contract to the supplier for review.

After the draft contract is received from the UCO and reviewed and agreed to by the department, the department will forward the draft contract to the supplier for review. The supplier may agree to sign the draft contract provided or, after reviewing the contract, the supplier may have questions or comments on the draft contract.

Step 5. Negotiation (if necessary)

If the supplier has questions or comments on the draft contract provided, the supplier will typically raise these concerns and a series of negotiations and further drafting will take place to resolve issues until the contract is agreeable to both Carnegie Mellon and the supplier.

The UCO will most often participate jointly with the department in these negotiations with the supplier (or will assist the supplier in drafting language after the department's further discussions with the supplier, etc.). These negotiations are most often conducted by telephone or email but on occasion may be in person.

Step 6. Signature

Once the contract is in its final negotiated form, it is ready for signature. Carnegie Mellon prefers that the supplier be the first to sign negotiated contracts.

The university, in most cases, will accept signatures by email or fax (i.e., generally, an original pen and ink signature is not required to have a legally enforceable contract).

The director of the University Contracts Office is authorized to execute supplier contracts for

purchases of up to \$250,000. If the contract is for greater than \$250,000, the UCO will coordinate signature with an authorized university signatory.

Step 7. Filing the Contract

Once the contract has been signed by both the supplier and the university, the UCO will forward an electronic copy of the signed contract to the department. It is the department's responsibility to send the signed agreement to the supplier and to others within the department or the university who may need a signed copy, and to keep the signed copy in a place where it can be obtained for reference in the future if needed.

The UCO will also retain an electronic copy of the contract (but no printed files of contract documents are maintained).

8.0 Restricted Purchases and Special Procurement

8.1 Hazardous Materials

A wide variety of the chemicals, materials and equipment used on the CMU campus require compliance with Federal, state and local regulations. CMU's Environmental Health and Safety (EH&S) department works to ensure that the correct actions are being taken to keep the university compliant, and safe. These items may be purchased with a procurement card or PO, dependent on the material/item being procured. In order to be able to make such purchases, the person completing the transaction or placing the order must be a hazardous material certified buyer, as designated by EH&S. All purchases of this nature will route through EH&S, via the Oracle workflow, for approval and review by EH&S. Hazardous material purchase reviews may be requested, prior to purchase via safety@andrew.cmu.edu

For more detail regarding EH&S guidelines, visit the [Environmental Health & Safety website](#).

8.2 Animals

The Office of Research Integrity and Compliance (ORIC) must review purchases of animals to ensure that the requirements of applicable research and regulatory protocols are followed. Federal regulations govern the use and care of animals in research. Strict standards regarding the housing, husbandry and research procedures must be adhered to by all members of the research team. ORIC provides oversight for these activities via the Institutional Animal Care and Use Committee (IACUC). The acquisition of animals must be made on a PO.

For more information about or to obtain help with this type of purchase, refer to [Office of Research Integrity and Compliance](#).

8.3 Tax-Free Alcohol

As a non-profit institution, the university has a limited license to purchase tax-free alcohol. According to Pennsylvania law, the university must purchase alcohol through the State Store system. Purchasing tax-free alcohol outside the Commonwealth of Pennsylvania with university funds is prohibited. Using federal or sponsored funds to purchase alcohol is also prohibited, unless otherwise approved.

To purchase tax-free alcohol for scientific and research purposes, it must be coordinated through the Mellon Storeroom, Room 389 (x8-3212).

To purchase tax-free alcohol for human consumption:

1. After determining what is needed to be purchased, place the order with a state liquor store. Request an exact quote for the total dollar amount, making sure to ask for the tax exemption.
2. State stores only accept a PCard or a certified check. It is strongly recommended to use the PCard. If this is not possible, a "Special Request for Payment" must be processed with Accounts Payable at least four days before it is needed.
3. Present your card, or check, at the State Store when picking up the order.

8.4 Facility Maintenance, Real Estate and Rental Space

8.4.1 Hiring Construction, Maintenance and Renovation Services

All construction, maintenance and renovation of university facilities within the United States are coordinated and managed by the university's Campus Design Facilities Development (CDFD) or Facilities Management Services (FMS) organizations. With limited exceptions (e.g., at the discretion of the Provost or the Vice President for Campus Affairs when the selected activities are the responsibility of the Associate Dean of Student Affairs for Operations), all contracts for the design, construction or maintenance of university facilities must be coordinated through CDFD (design and construction) or FMS (maintenance). The construction, maintenance and renovation of campus facilities located outside of the United States are generally the responsibility of the college(s) sponsoring the academic programs associated with those facilities, and those college(s) may engage CDFD and/or FMS where needed.

FMS Contact Information:

- Online Service Request Submission: <http://www.cmu.edu/fms>
- Email Work Request: fixit@cmu.edu

- 24hr Phone Contact: 412-268-2910
- Locations outside of Pittsburgh should follow local procedures

CDFD Contact Information: www.cmu.edu/cdfd

8.4.2 Security and Access Controls

Installing a security alarm or access control system (e.g., keys, card swipes, etc.) must be coordinated with FMS and University Police. These organizations will assist your department in selecting a system and contacting reliable suppliers. FMS will ensure the installation is in accordance with federal, state and local building regulations as well as university standards. University Police require a separate agreement to coordinate monitoring and response.

8.4.3 Buying Air Conditioners or Unit Heaters

To ensure building and occupant safety and comfort and overall cost effectiveness, purchases of air conditioners or independent heating units must be reviewed and approved for installation by FMS.

Contact FMS to obtain assistance from an FMS specialist in heating and air conditioning who will be able to determine how to meet safety and cost effectiveness standards, and how to implement the plans.

8.4.4 Buying Carpeting

Because all university carpeting must meet the insurance and building code-based fire resistance standards and the design guidelines published by FMS, contact FMS for all carpet purchases.

Removal of existing carpeting must be coordinated through FMS. Additional coordination with EHS is required for carpet projects that involve asbestos.

8.4.5 Utilities

Contact FMS for connections, disconnections or alterations of any utilities involving university facilities.

8.5 Fire Safety Equipment and Systems

The acquisition of fire protection and related equipment must be completed on a PO and accompanied by approval from the university's fire safety specialist. Fire codes and standards regulate all safety equipment. Any changes or additions to existing equipment can only be made by EHS or authorized designees.

All requests for fire protection and related equipment should be made directly to EHS Fire Safety Manager or

their authorized designees (e.g., branch campuses), at 412-268-8182.

8.6 Real Estate

All purchases of real estate for the university are to be coordinated through CDFD and /or the vice president for Operations. Real estate leases must be reviewed by CDFD, OGC, the Controller's Office, Insurance Services, and the provost. Additional review may be required for real estate leases to be paid in whole or in part with sponsored funds. CDFD guides all real estate leases (including lease amendments and lease renewals) through these reviews and gathers the necessary documentation evidencing these reviews for submission to the CFO or provost for signature via the university's [Space Request and Real Estate Lease process](#).

8.7 Data Services

8.7.1 Communication/Internet Plans/Devices

Unless otherwise approved by Procurement Services, Carnegie Mellon's Communications Allowance Guidelines prohibit the direct purchase of cellular devices, cellular voice and data services and home internet related charges for employees.

Faculty and staff who have a regular or more frequent job need for remote communication devices/services may receive extra compensation, in the form of a taxable communication allowance, to cover business-related costs. For more details regarding communication allowance eligibility and processes for establishment of the allowance, refer to the [Communication Allowance Guidelines](#).

8.7.2 Copiers and Multifunction Devices (MFDs)

The purchase, rental or lease of all copiers and multifunction devices (MFDs) must be coordinated and reviewed with the University Copy Centers (UCC) to ensure that the university receives pricing and contract terms based on the university's various master agreements. The review includes an evaluation of proposed rates, purchase versus lease options and alternative funding mechanisms. This process also ensures that the full buying power of the university is available for future contract negotiations. Contact information for the University Copy Centers can be found at www.cmu.edu/copycenters/.

All copier and MFD purchase or lease agreements must be reviewed by the UCO.

8.7.3 Institutional Data Management

When contracting for the acquisition of data or data management services, considerations must be given to the type of data being provided or manipulated. If data includes any information related to student names and addresses, student social security numbers, student account balances, student payments, student financial information, parents financial

information, student loan information or student collection information, a Letter of Understanding must be obtained addressing vendor/supplier/provider agreement to implement appropriate measures designed to ensure the security and confidentiality of the information, to protect against reasonably foreseeable threats or hazards to the security or integrity of the information, and to protect against unauthorized access to or use of such information.

If a purchase involves institutional data (i.e., data that is owned or licensed by the university), measures must be taken to protect the confidentiality, integrity and availability of this data and any information systems that store, process or transmit the data.

The two most common scenarios are acquisition of commercial off the shelf (COTS) software or contracting with a third-party service provider (e.g., software as a service or cloud services). When purchasing COTS software, the buyer should ensure that the software has reasonable capabilities for safeguarding data. When contracting with a third-party service provider, the buyer should ensure that the third party has implemented reasonable safeguards. Carnegie Mellon's [Guidelines for Data Protection](#) provides details regarding appropriate safeguards for various types of institutional data. Computing Services' Information Security Office (ISO) publishes a Software as a Service Questionnaire to assist in evaluating third-party service providers. Buyers should evaluate security measures prior to making a purchase. For questions or assistance with this evaluation, contact ISO at iso@andrew.cmu.edu. See [Section 7.0 Supplier Contracting Guidelines](#) for supplier contracting guidelines.

8.8 Trademark Licensing

8.8.1 Trademark Licensing

The use of the university's trademarks on consumer goods produced, ordered or sold by faculty, staff or students of Carnegie Mellon must be approved in writing by the Trademark Licensing Office prior to production of each item. Items include, but are not limited to, brochures, binders, apparel, glassware, and coffee mugs regardless if the items are for resale or internal campus use.

The Trademark Licensing Office has established licensing agreements with several suppliers who provide a variety of products. A complete list of all current licensees can be obtained at the [Trademark Licensing Office website](#). Individuals or groups seeking a supplier should first review this list to determine if the required items may be obtained from one of the current licensees. If it is necessary to use a supplier that is not licensed, consult the Trademark Licensing Office.

For more information regarding the use of Carnegie Mellon's trademarks, refer to the [Trademark Licensing policies and guidelines](#) or call the Licensing Office at 412-268-3904.

8.9 Legal and Insurance

8.9.1 Legal Services

Consult the Office of General Counsel (OGC) about legal services for university business, for legal questions or problems or if you receive legal notices regarding university business.

8.9.2 Insurance

Insurance Services must review the acquisition of insurance, within the OGC prior to purchase. Insurance services is responsible for the placement of all necessary university property and casualty insurance policies.

Insurance Services has established standard levels of insurance required of suppliers who will be working on university property or providing selected goods and services. In cases where a supplier's insurances or levels of insurance deviate from the standard levels, Insurance Services must approve the existing supplier levels or require alternate levels prior to the transaction taking place.

Consult with Insurance Services for questions about any current insurance coverages, suggestions for additional coverage, changes to property/equipment conditions, or questions from suppliers related to levels of required insurance for all campuses. Consult with Insurance Services prior to purchasing any insurance. Copies of insurance certificates evidencing university insurance can be obtained from Insurance Services.

For questions regarding institutional insurance and related matters, contact Insurance-Services@andrew.cmu.edu.

8.10 Services

The Purchasing Card may not be used to pay for services unless the Cardholder obtains an executed contract between the supplier of the services and the UCO in advance of the purchase of the services. However, Cardholders can enter into transactions (including deposits) on their Purchasing Cards that relate to services if both of the following conditions are met: (1) a contract has already been executed through or written approval received from the UCO for the services, and (2) the total amount of the services is \$3,000 or less.

The Purchasing Card can be used for the following services, in any amount and/or location, if a contract has already been executed through or written approval received from the UCO for:

- offsite event facility rental fees for the hosting of university events or business and

- catering and food services.

The Purchasing Card may not be utilized to purchase professional services (e.g., temporary employment services, consulting services, photographers, payments to individuals or partnerships). For questions regarding clarification of what constitutes a professional service, contact Procurement Services.

The purchase of professional services creates additional financial reporting requirements for Carnegie Mellon. In these instances, the buyer should work with the UCO to execute the agreement and these items should be procured via a purchase order (PO).

For all purchasing card transactions with Non-Preferred Suppliers that are \$3,001 or more in total, a Purchasing Checklist & Bid Summary Form must be completed in advance of making the purchase.

For the purchase of services using agency funds, a Cardholder must contact the UCO prior to purchase to determine whether a contract is required.

A Cardholder that does not adhere to the above requirements will receive the appropriate number of violation points.

8.11 Independent Contractors and Honorariums

An independent contractor is an individual or sole proprietor contracted to perform work for the university utilizing their own methods. How the work is accomplished is not controlled by Carnegie Mellon University. An independent contractor is normally engaged in an established business, trade or profession. An independent contractor is not a university employee and is treated differently with respect to tax withholdings, employee benefits and payment methods.

Visit the [Taxation website](#) and the [UCO website](#) for information and guidelines related to independent contractors.

An honorarium is a gratuitous payment of money to an individual for his or her participation in a usual academic activity for which no fee is legally required. Usual academic activity means lecturing, teaching, readings, performances and sharing knowledge. An honorarium represents a “thank you” to a guest speaker or performer who, at no charge to the university, makes a presentation or participates at a function (such as a speaker forum). It is meant to be a token payment by the university as a gesture of appreciation (and not to fulfill a contractual obligation). Reference the UCO’s [Honorarium Guidance](#) document for additional information related to honoraria and how they compare to other types of commitments or agreements. All honorariums, domestic or foreign, must be reviewed and approved by the UCO prior to submission to AP for supplier creation.

8.12 Library Materials

All requests to purchase library materials, regardless of the source of funds, should be made to the head of acquisitions for the University Libraries. The University Libraries has purchasing agents appointed for the acquisition of books and periodicals. For more information, visit the [CMU Libraries website](#).

8.13 Temporary Employees

If your department requires a temporary clerical or administrative employee, contact Temporary Employment Service (TES) in Human Resources at 412-268-4747 or visit the [Temporary Employment Service website](#).

8.14 Vehicles

All cars, trucks, buses, trailers, boats, maintenance and other vehicles sold or leased with a manufacturer's certificate of origin or title that are registered in the name of the university must be purchased or leased through the University Contracts Office.

Vehicle titles and registration renewals are maintained and processed by Insurance Services. The director of the UCO is authorized to sign vehicle titles when a university-owned vehicle is purchased, sold or traded.

8.15 Vending Services

The acquisition and or installation of vending equipment, including food and beverage dispensers, must be coordinated by and reviewed with Dining Services. In most cases, Dining Services has agreements in place for these services and can provide appropriate guidance. This process ensures that the university leverages its full buying power for future contract negotiations and does not violate its existing vendor agreements.

8.16 Internet Purchasing and Sales

There is no university policy that prohibits purchases from eBay or other online auction sites. Procurement Services will not resolve disputes or problems that arise from internet auction purchases. Purchases may be made that are legitimate to university business, and otherwise not in violation of university policies.

Although not recommended, there may be legitimate savings and benefits to the university from making purchases through online auction sites. However, there are inherent risks in in doing so as eBay, for example, takes no responsibility to guarantee the product is delivered after payment. eBay requires purchasers to indemnify themselves through the statement, "You will indemnify and hold us (and our officers, directors, agents, subsidiaries, joint ventures and employees), harmless from any claim or demand, including reasonable attorneys' fees, made by any third party due to or arising out of your breach of this Agreement, or your violation of any law or the rights of a third party."

When purchasing from eBay, or other online auction sites, buyers must understand they are doing so at their own risk. There is little, or no, recourse for the university should a dispute occur or the product failed to be delivered. Buyers should consider these risks when determining whether purchasing from any online auction site is appropriate.

The sale of goods through an internet auction site is strictly prohibited. PCards 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 PCard suspension, card revocation, disciplinary action, employment termination and legal action.

8.17 Travel and/or Events

Except as noted below, Cardholders are not permitted to place travel-related charges on their Purchasing Cards or use their cards for any expenses while traveling more than 60 miles from the cardholder has designated home campus. Travel-related expenses represent charges for travel, meals and/or entertainment incurred away from the Cardholder's designated home campus. Examples of prohibited travel expenses include, but are not limited to: hotel; airfare; meals or snacks; purchases of technical or business supplies while travelling; taxi services; and, incidentals incurred more than 60 miles from the cardholder's designated home campus. Conference registration fees inclusive of meals or snacks are permitted on your PCard. Please note that when meals or snacks are provided, per diem expenses may not be submitted for the meals or snacks included as part of the registration fees.

If a Cardholder utilizes his/her Purchasing Card for travel related charges or use their cards while travelling more than 60 miles outside of his/her designated home campus area, the Cardholder will receive the appropriate number of violation points for charging travel-related expenses on his/her card.

The following transactions are permissible and can be charged on the Cardholder's Purchasing Card:

- Travel-related expenses for visitors to the Cardholder's designated home campus, such as hotel stays for visitors near the vicinity of the Cardholder's home campus.
- Taxi services to and from the local airport and surrounding areas of the Cardholder's home campus are considered local travel expenses.
- Conference registrations on his/her Purchasing Card, but not conference registrations that include other expenses, such as hotel and airfare.
- Expenses related to an event that will occur more than 60 miles from the cardholder's designated home campus, as long a contract has been executed through or written approval received from the UCO.

8.18 Warehouse/Club Memberships

Cardholders are not permitted to purchase warehouse/club memberships (Costco, Sam's Club, etc.) with the Purchasing Cards. Using the Purchasing Card to pay for warehouse/club memberships will result in the Cardholder receiving the appropriate number of violation points.

8.19 Federally Funded Purchasing

Many research grants, cooperative agreements or contracts have clauses restricting the purchase of certain materials, equipment, services and renovations. All purchases using federal grants management accounts in excess of \$5,000 must be approved by Sponsored Projects Accounting (SPA). Oracle automatically submits POs through the correct approval organizations once the Buyer submits the order for approval.

Sponsored Project Accounting will:

1. Ensure that funds are available.
2. Identify if equipment procured is government owned or titled.
3. Obtain approval for the purchase from the sponsoring agency, if needed.
4. Contact the Principal Investigator to resolve discrepancies.
5. Verify compliance and make copies for their files, if needed.

If the request is approved and the acquisition is between \$5,000 and \$30,000, regardless of use of preferred or Non-Preferred Supplier the purchase must be made using an online purchase order in the Oracle system. If the transaction will equal or exceed \$10,000 and is from a Non-Preferred Supplier, its associated Oracle PO requires approval by Procurement Services, who will:

1. Verify all rationale and necessary supporting documentation is complete, accurate and adequate.
2. Verify compliance with all Office of Management and Budget (OMB), and Federal Acquisition Regulations, as applicable

8.19.1 Flow-Down Language

When federal funding is used under grants, cooperative agreements or contracts, government regulations require applicable flow-down language from within the award to be included in the contractual agreements with suppliers. It is the university's responsibility to reference on a purchase order the various OMB Circular A-110 contractual requirements (grants and cooperative agreements), Federal Acquisitions Regulations (contracts), Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal

Awards Subpart D (2 CFR 200 Subpart D), and all other flow- down requirements of the agreement between the university and the government that may apply to a particular transaction.

To comply with this requirement, the OMB A-110, and Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Subpart D (2 CFR 200 Subpart D), standard requirements language established in the Purchase Order General Terms & Conditions and Shipping Instructions (for grants and cooperative agreements) and the Federal Acquisition Regulations standard contract language established in Supplement A to the Purchase Order General Terms & Conditions and Shipping Instructions, and any other grant, agreement or contract identified flow-down language, must be sent to the supplier when a purchase is made from other than Preferred Suppliers. All applicable contractual language (as it relates to the government requirements) must be accepted by the supplier prior to the completion or issuance of a PO.

8.19.2 Property Accounting Services (PAS)

Property Accounting Services (PAS) screens purchase orders when federally funded grants or contracts are used to acquire capital assets costing \$100,000 or more to identify any duplication and to avoid purchasing unnecessary items. The Principal Investigator must file an Equipment Screening Report with PAS prior to the initiation of any procurement and provide a finalized copy attached to the PO in Oracle via the attachment function.

8.19.3 Office of Sponsored Research (OSP)

All consulting and professional services agreements using sponsored research funded accounts must be coordinated through, approved and signed by the Office of Sponsored Research before a contract can be issued.