Carnegie Mellon
(Revised 07/18/08)

Procurement Procedures

Procurement Services (PS)

1.0 INTRODUCTION TO THE PURCHASING FUNCTION

1.1 About This Manual

This Manual identifies the procedures applicable to purchasing goods and services at Carnegie Mellon University. It was developed to promote the use of good business practices, to ensure that the University meets government requirements, and to limit the University's risk and liability exposure. Because Carnegie Mellon receives substantial research funding from federal agencies, the University is obligated to maintain a federally approved purchasing system. It is important that all buyers and Commodity Managers understand government rules and regulations pertaining to purchasing with government funds, as well as University purchasing policies and procedures, and University accounting policies and procedures.

Commodity Manager and buyer compliance with the guidelines contained herein is imperative in providing a more efficient, effective and consistent purchasing process, achieving related University goals and determining responsibility and accountability. In addition, some departments have more restrictive purchasing procedures. Buyers should be familiar with the procedures of their department and adapt the guidelines in this manual to departmental specific requirements, as necessary. The University also receives funding under agreements with other sponsors, such as those supporting foreign branch campuses, and these requirements also need to be observed.

Contents

Following is a brief description of the information contained in the sections of this manual:

Section 1 - Introduction to the Purchasing Function, has a brief overview of University purchasing, and includes definitions for terms used in the manual and contact information for Procurement Services. There is also a listing of related University documents.
Section 2 - Ethical Guidelines contains those University policies and guidelines regarding ethical practices buyers and Commodity Managers are responsible to follow when making a purchase. It includes the Buyers’ Code of Ethics, gift guidelines for employees, the anti-kickback clause, and the University's policy regarding conflict of interest.

Section 3 - University & Purchasing Policies, contains Carnegie Mellon's policies/procedures and federal requirements related to the purchasing function, including policies on the University’s credit card programs, and small, disadvantaged, woman-owned, veteran-owned, service disabled veteran-owned and HUBZone businesses.

Section 4 - Supplier Selection, contains an explanation of the Preferred Supplier Program, and the process for determining and contracting with a Preferred Supplier; sole and single sourcing, and bid solicitations; and supplier qualifications and suspension criteria.

Section 5 – Procurement Card Program - Procurement Card Procedures, details and procedures for obtaining a Procurement Card and making purchases using the cards.

Section 6 - Other Purchasing Options and Services, details procedures for making purchases with other vehicles besides the Procurement Card (i.e., purchase orders, blanket purchase orders, petty cash, prepayments, etc.), and other University services related to the purchasing function.

Section 7 - Restricted Purchases, deals with such things as buying chemicals and radioactive materials, using sponsored research funds, leasing equipment and real property, acquiring services, and several other restricted purchasing activities that require involvement of other organizations and special procedures.

Section 8 – Forms, lists standardized documents, forms and supplementary material which can be found on the Procurement Services website at: http://www.cmu.edu/procurementservices.

Section 9 – Carnegie Mellon Foreign Branch Campus Addendum, contains specific procedures relative to the Carnegie Mellon Qatar campus.
1.2 Who Should Read This Manual

University purchasing policies and procedures apply to all employees and students who plan or make acquisitions of products, equipment, supplies and/or services with funds held in the custody of the University. This includes purchases made with a Procurement Card, purchase orders, petty cash or electronic commerce.

1.3 Related University & Government Documents

Authorized Signatures for Agreements, Contracts, Licenses Policy (http://www.cmu.edu/policies/documents/AuthSig.html)
Non-Travel Business Expense Reimbursement Policy (http://www.cmu.edu/policies/documents/BusinessExpense.html)
Petty Cash Policy (http://www.cmu.edu/policies/documents/PettyCash.html)
Policy for Directly Charging Administrative Costs to Sponsored Research (http://www.cmu.edu/policies/documents/AdminCosts.html)
Travel Expense Reimbursement Policy (http://www.cmu.edu/policies/documents/Travel.html)
OMB Circular A-21, Cost Principles for Educational Institutions
OMB Circular A-110, Uniform Administrative Requirements for Grants & Agreement with Institutions of Higher Education, Hospitals, & Other Non-Profit Organizations
OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations (http://www.whitehouse.gov/omb/circulars/index-edu.html)
Federal Acquisition Regulations (http://www.arnet.gov/far/)
See Section 2.1 - Ethical Guidelines, for the policy regarding conflicts of interest, as well as the buyers' code of ethics, gift guidelines for employees and the anti-kickback clause. For the policies on the purchasing function, small, disadvantaged, woman-owned, veteran-owned, disabled veteran-owned and HUBZone businesses, and the Procurement Card, refer to Section 3 - University and Purchasing Policies.

1.4 Overview of Purchasing at the University

Because of the widely varied nature of the University’s activities, and because it has operating units in various geographical locations, all of the commitment activity cannot be performed efficiently by either a completely centralized procurement office or by a completely decentralized operation. At Carnegie Mellon University, most buying decisions are made by faculty and staff in the schools and departments. The University expects employees to make sound purchasing and contracting decisions that will ensure the continued and efficient operation of the University. When an acquisition is initiated, University controlled funds are being committed and the buyer is assuring the University that:

- A legitimate business need for the purchase has been identified;
- Preferred Suppliers have been selected, whenever prudent and possible;
- Sponsored program procurement requirements have been met, when required;
- The University's conflict of interest policy, buyers' code of ethics, gift guidelines for employees, and the anti-kickback clause have been complied with;
- Purchases have been competitively bid or negotiated, when prudent or when required;
- Suppliers are dealt with in a professional manner, consistent with good business practices;
- Purchases have been inspected upon receipt;
- Using small, disadvantaged, women-owned, veteran-owned, service disabled veteran-owned and HUBZone business concerns and environmentally friendly products have been considered;
- Documentation requirements to support the purchase have been met; and
- All purchases, once input into the University’s automated financial system, have been reconciled; and
- Acquisitions are fully in compliance with all rules, regulations, policies and procedures, as applicable.

There are, or will be, three primary means of purchasing goods and services at the University, Oracle purchase orders, the Procurement Card, and web-based
ordering. Purchase orders should be utilized when procurement card use is restricted by the University, or the card cannot be used (non-acceptance by a supplier, or restricted by university or government directive), or when the vendor has imposed their terms and conditions of sale, or standard university terms and conditions are modified through negotiations, or when Oracle detailed transaction data storage and retrieval will be required in the future. The use of personal funds or personal credit cards, except as allowed within the University’s Travel policies, is not allowed without prior written approval of the University Controller. Other purchasing means may be required for new campus operations on an interim basis, as approved by the Chief Financial Officer, or their designee.

**KEY POINTS**

For detailed descriptions of the following points refer to the specific policies and procedures contained in this manual.

- Purchasers are strongly encouraged to use Preferred Suppliers to acquire goods or services, whenever possible.
- The University is committed to using small, disadvantaged, woman-owned, veteran-owned, service disabled veteran-owned and HUBZone businesses and environmentally sensitive products.
- University employees and students who make purchases are required to complete all related paperwork and/or electronic processing (Oracle, Web-ordering, Purchasing Checklists with supporting documentation, receipt submittal, source selection justification, price analyses, etc.) in a timely and expeditious manner per the Buyer Actions Matrix.
- Supplies and services available within the University may be obtained directly from the supplying department with an internal requisition. The University Shoppe, Art Store and Computer Store also accept the University Procurement Card.
- Every individual transaction using federal funds of $2,500 or greater, or an individual transaction using non-federal funds of $5,000 or greater, requires competitive bidding (or a written source justification) and the submission of a Purchasing Checklist/Bid Summary Form when a Preferred Supplier is not used.
- Employees and students making purchases for the University are prohibited from accepting or receiving gifts, incentives and/or kickbacks from anyone supplying goods and/or services to the University outside of the University Purchasing Policy.
- Personal purchases with a purchase order, Procurement Card and/or University funds are prohibited.
- Personal credit cards and personal cash should not be used for the purchase of University goods and services except for those transactions as defined in this manual, the university Travel policy or under Petty Cash guidelines. In other instances, if a purchase is made with personal funds, and sales tax is paid, the University will not reimburse the tax portion of the purchase without appropriate documentation of extenuating circumstances. The Assistant Vice President of Finance and Controller, or designee, will make the determination if an extenuating circumstance warrants an exception.
1.5 Definitions

The following definitions apply to terms used in this manual:

Accounts Payable
The department responsible for processing supplier invoices, credit memos, check requests, travel and non-travel expense reimbursements.

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

Adequate Price Competition
Two or more responsible suppliers/providers competing independently, and submitting priced offers that satisfy the University’s expressed requirements.

Authorized Buyer Agreement (Gift Guidelines for Employees and Anti-Kickback Clause)
An agreement annually signed by authorized buyers not to accept any gifts or gratuities from a supplier in exchange for patronage.

Authorized Buyer
A person appointed by a department head or Business Manager and authorized by the Director of Procurement Services to procure goods and services in the name of the University for departments, faculty and staff, and has been trained and certified to initiate and administer purchase orders in the Oracle System, or execute and reconcile purchases with a Procurement Card.

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

Card Default Account
A University departmental or project account to which all transactions using a specific Procurement Card will be charged in the University’s financial system (Oracle) unless reallocated to another account code within Oracle.

Card Services
Department responsible for administering the University’s Procurement Card Program, as well as establishing and ensuring compliance of policies and procedures related to Procurement Card use.

Cardholder
An employee or student authorized to make University purchases/commitments using a Procurement Card.

Cardholder Agreement Form
An agreement, signed by a Cardholder, attesting to their being made aware of, and their agreement to comply with, the Procurement Card polices and procedures.

Change Notice
A written documentation of a contractual change agreed to by a buyer and supplier.

Code of Ethics
An agreement, signed by Authorized Buyers, to comply with University purchasing ethics when making a purchase with University controlled funds.

Commodity Management
A procurement process meant to ensure greater University benefits from the coordination of purchasing activity, where appropriate. Buyers benefit from pre-negotiated Preferred Supplier agreements for frequently purchased items.

Commodity 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.

Competitive Bid
Two (2) responsible and comparable bids (solicitation of three preferred) obtained for a specific purchase; required when a purchase is $2,500 or greater when federal funds are used, or $5,000 or greater when non-federal funds are used, and a Preferred Supplier is not used. The bids should contain price, quantity, description and supplier’s terms and conditions (if not accepting standard university terms and conditions) and reference to a request for quote (RFQ) or proposal (RFP). Supporting documentation of price/cost analysis must be attached to a Purchasing Checklist and Bid Summary Form and forwarded to Procurement Services for central retention and auditing purposes.

Confirming Order
A written confirmation of a sales agreement that the buyer sends to the supplier (copy of the PO).

Conflict of Interest Disclosure Form
An agreement, signed by an Authorized Buyer, to adhere to the University's conflict of interest policy when executing his/her duties as an authorized purchasing agent of the University.
**Consortium Supplier**
Supplier under one of the purchasing consortiums to which the university belongs, that offers competitively solicited and awarded contracts to university buyers and procurement cardholders. These contracts offer substantial price discounts and other advantages with no buyer time or effort required to solicit other suppliers. These include: E&I (Educational & Institutional Cooperative); US Communities; and COSTARS (Pennsylvania Department of General Services).

**Contract**
A lawfully binding agreement between two or more parties for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration. Contracts can be various types of documents (POs, agreements, leases, licenses, letters, etc.) that place the University into a legally binding relationship with a third party.

**Department Card Coordinator**
A designated person within each department responsible for authorizing Cardholders and establishing card limitations.

**Electronic/Online Bidding**
A tool for soliciting competitive bids through an online electronic process. The university currently uses a tool from eDynaquote. Call Procurement Services for details.

**Encumbrance**
A commitment of University entrusted funds recorded when a requisition or purchase order is entered into 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.

**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 7.0 - Restricted Purchasing).

**Financial Operations (FO)**
The organization responsible for Financial Services operations, including Accounting Services, Payroll Services, Property Accounting, Indirect Cost, Procurement Services and Sponsored Projects Accounting.

**FOB (Freight On Board) Delivered (Destination)**
The ownership (title) of goods transfers to the buyer when the item is received by Carnegie Mellon. Significant when there is a shortage or damage to the goods. Means the supplier will be responsible to file a damage claim with the freight hauler. Note: Motor carrier regulations require that claims for damage must be filed/initiated within a short time frame of the receipt of the shipment.
FOB Shipping Point (Origin)
The buyer takes ownership of the goods at the supplier's dock. If the item(s) is damaged when received, it is the buyer's responsibility to file a claim with the freight company.

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 not an employee of the University. If payment is set by the recipient or has been negotiated with the recipient and is given in return for services provided, this should be considered an independent contractor service and not an honorarium.

HUBZone Business
A HUBZone is defined as a Historically Underutilized Business Zone, which is an area located within one or more qualified census tracts, qualified non-metropolitan counties, or lands within the external boundaries of an Indian reservation. A HUBZone Business is defined as a small business concern that appears on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration (SBA) – Central Contract Registration (CCR) [www.ccr.gov](http://www.ccr.gov).

Legal Counsel/Legal Affairs Office
The organization that handles all the University's legal matters, including litigation, contractual language review, intellectual property, risk management and personnel issues; must also pre-approve the expenditure of any University funds for outside legal services.

Other Suppliers
As identified on the Procurement Services website, Other Suppliers have an established relationship with the university, including formal terms and pricing of individual orders (to be completed at the time of purchase). Use of suppliers from this category reduces the buyer’s time and effort in the ordering process.

Preferred Supplier
A supplier that establishes a contractual relationship with the University for supplying goods and/or services to the campus community. A Preferred Supplier:

1) completes a formalized, competitive selection process directed by Procurement Services and documented for audit purposes;
2) generally accepts the University’s Procurement Card, or payment by wire transfer;
3) signs a contract that details contractual conditions of sale, and guarantees the University pricing, quality, reduction of risk and customer service for a specified period of time;
4) allows the University to retain the right to compete any single requirement that equals or exceeds $50,000; and,
5) agrees to comply with all federal, state, local and University laws, rules, regulations and guidelines.

**Preferred Supplier Directory**
The University's directory of current Preferred Suppliers, listed by the type of goods and/or services provided; located on the Procurement Services web site at [www.cmu.edu/procurementservices/](http://www.cmu.edu/procurementservices/).

**Procurement Credit Card**
The University's corporate liability credit card, issued by a banking institution, to which a specific employee is assigned use and responsibility for making acquisitions of goods and services, and the reconciliation thereof.

**Procurement Services (PS)**
The department responsible for administering the University's procurement process for goods and services, as well as establishing policies and procedures for purchase order and contract use.

**Product Management Team**
A group of campus representatives and a Commodity Manager with expertise in the purchase of a particular product/service or group of products/services, who work together to develop Preferred Supplier agreements.

**Property Accounting Services**
The 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. Also reviews and approves all Equipment Screening Certificates.

**Purchase Order**
An on-line form within the University’s automated purchasing system (Oracle), used to formally document the purchase of goods and/or services when the Procurement Card is not used.

**Purchasing Checklist and Bid Summary Form**
A form that must be completed and submitted to Procurement Services if a single transaction using federal funds is $2,500 or greater, or a single transaction using non-federal funds is $5,000 or greater, and a non-Preferred Supplier is used. Whenever a single source, sole source or consultant is used and the order is $2,500 or greater when federal funds are used, or $5,000 or greater when non-federal funds are used, an explanation of why that source was selected must be provided. Evidence of acceptable price/cost analysis must be included whenever this form is used (Ref. [www.cmu.edu/procurementservices/Forms/forms.htm](http://www.cmu.edu/procurementservices/Forms/forms.htm)).

**Procurement Card Verification/Reconciliation**
A mandatory Procurement Card process whereby an allocator verifies the Procurement Card transactions within thirty (30) days of posting and submits original receipts for transactions of $25 or more to Card Services within ten (10) business days of a verification report being approved.

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

**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.

**Request for Quote (RFQ)**
A method used to have suppliers offer, for a set period of time and for specific items or services, prices, quantities and delivery factors to be used in selecting the supplier.

**Risk Management**
A 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.

**Single Source**
One source, among others in a competitive marketplace, which, for justifiable reason (i.e., immediate past experience [performance or contractual], delivery capability, contract or grant identification of specific items(s), compatibility with existing equipment or supplies, specific design or performance features essential in maintaining experimental or administrative continuity, availability of parts or maintenance, or for lack of time in emergency situations) the buyer finds to be most advantageous for the purpose of contract award.

**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 US 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](http://www.acquisition.gov/far/index.html)).

**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. Foreign branch campuses will abide by these guidelines, to the extent possible, given local law and funding directives.

**Small Women-owned Business (SWB)**
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.

**Small Veteran-owned Business (SVB)**
A small business concern in which at least 51% of the concern is owned and day-to-day managed and controlled by veterans, 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.

**Small Service Disabled Veteran-owned Business (SDVB)**
A small business concern in which at least 51% of the concern is owned and day-to-day managed and controlled by service disabled veterans, or in the case of a publicly owned business, at least 51% of the stock is owned by service disabled veterans, with one or more veterans managing and controlling the daily operation of the business.

**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.

**Supplier/Vendor**
Either an internal or external provider of goods or services.

**University Card Manager**
Card Services professional responsible for overseeing the University’s Procurement Card and corporate American Express Card programs.

**University Entrusted Funds**
Funds generated during the course of 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.).

**University Receiving and Stores (URS)**
Department that provides receiving, storage, delivery and shipping services and will assist in the disposal of surplus.

1.6 **Contact**

PS is available to answer any questions about the content of this manual. PS will
Procurement Services

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Procurement Services negotiate agreements under the Preferred Supplier Program and provide information on University-wide Preferred Supplier agreements, assist in identifying qualified suppliers, assist in preparing bid requests and requests for proposals, aid in resolving problems with Preferred Suppliers, review purchase and contract terms and conditions for acceptability, sign contractual commitments and assist with any other aspect of the acquisition process.

Procurement Services is responsible for coordinating external acquisition activities for the University. In addition, PS:

- provides faculty, staff and students with help in obtaining the best evaluated cost at the desired level of quality and service;
- negotiates Preferred Supplier agreements;
- works to minimize the University's risk and liability exposure related to the procurement process and contractual documents;
- maximizes the University's economies of scale/volume;
- Supports University initiatives related to small business utilization and the use of environmentally friendly products;
- reviews and processes contracts, licenses, maintenance agreements, equipment leases, real property leases, and rental agreements, as appropriate; and affixes authorizing signatures;
- helps resolve disputes with suppliers;
- prepares management and government reports that pertain to the University's procurement practices, including being the University’s Small Business Liaison Office;
- audits the procurement process for compliance with government regulations and the written purchasing policies and procedures;
- provides procurement/purchasing and government regulations training; and
- coordinates or affixes authorizing signatures on contractual documents, i.e., equipment leases, licenses, terms and conditions, consulting/professional services/honorarium agreements, and other commitment type documents.

Contact the Director of PS, the Associate Director and Manager Procurement Services Development or the Strategic Procurement Manager at any phase of the procurement process for information, assistance, consultation or guidance.

Contact Information

Procurement Services
Campus Address: 5000 Forbes Avenue, UTDC 315, Pittsburgh PA 15213
(412) 268-8430
http://www.cmu.edu/procurementservices