Procurement Procedures

Procurement Services (PS)

3.2 General Policy

Statement

Only individuals who are authorized to commit University entrusted funds can make purchases on behalf of Carnegie Mellon. Tools for making purchasing commitments are:

- The Procurement Card is a University sponsored corporate liability, corporate billed, credit card used for supplier payment purposes. Authorized Cardholders use the card, (within pre-established guidelines) for purchasing goods and services whenever standard University terms and conditions are acceptable to the supplier.

- The American Express Card is an individual liability, individual billed and paid credit card. The user must submit a University expense report to be reimbursed for authorized University expenditures and pay the complete bill themselves.

- Purchase orders: these are processed through the Oracle Financial System and are restricted to trained Authorized Buyers, identified within each department and approved by the director/business manager of that department and the Director of PS.

- Web ordering can be accomplished with the use of a Procurement Card (within procedural limitations) or through the University’s authorized e-commerce solution(s) [when available]. Access to e-commerce solution(s) is restricted to trained Authorized Buyers, identified within each department and approved by the director/business manager of that department and the Director of PS.

- Petty Cash: Petty cash funds can be used for making purchases, where appropriate, and to reimburse individuals for non-travel, out-of-pocket expenditures of less than $20. The dollar limits for the fund total may be set at the discretion of the department, but must be approved by Accounting Services prior to initiation.

- Other purchasing means may be required for new campus operations on an interim basis, as approved by the Chief Financial Officer or his/her designee.
Product/Service Management

Product and Services Management is the process of developing Preferred Supplier agreements for University purchases. Potential suppliers are evaluated by a Product Management Team based on established criteria. Small, disadvantaged, women-owned, veteran-owned, service disabled veteran-owned and HUBZone businesses are also included in this process, as the University has set participation goals for these businesses (see the University Purchasing Policy - [http://www.cmu.edu/policies/documents/Purchasing.html](http://www.cmu.edu/policies/documents/Purchasing.html), and Section 3.4).

Those selected to be Preferred Suppliers are given marketing assistance by PS and listed in the University's Preferred Supplier Directory. These suppliers may be participants in the University's electronic commerce site, available through the PS Web page. The negotiated commercial terms of sale will apply for the duration of their Preferred Supplier status. Preferred Suppliers are encouraged to accept the Procurement Card, or otherwise provide for electronic ordering and payment capabilities, and accept pre-determined terms and conditions of sale.

Contacting Suppliers

Suppliers may be contacted directly to place orders or to obtain detailed information about a product or service, or to obtain the information needed to resolve technical questions. Commodity Managers within PS can assist in this process.

Products with Trademarks

Please refer to the Policy for Use of Carnegie Mellon Trademarks when ordering products that bear any Carnegie Mellon logos or trademarks. This policy will explain trademark, product and supplier restrictions. See also Restricted Purchasing - Section 7.19 Trademark Licensing.

Developing and Writing Specifications, Statements of Work (SOW) and Bids for Services

Specifications and statements of work are used to clearly define the requirements of the product, item or services being acquired. To obtain the right quality, availability, serviceability, responsibilities and price, the specification or description in the SOW given to the supplier needs to be as clear and concise as possible.

Authorized Buyers are encouraged to work with the Strategic Procurement Manager or the Commodity Managers in PS when assistance is needed in the development of specifications.
Competitive Bidding and the Purchasing Checklist & Bid Summary Form

Competitive bidding and the completion of a Purchasing Checklist and Bid Summary Form (Ref. [http://www.cmu.edu/procurementservices.html](http://www.cmu.edu/procurementservices.html)) are required when a purchase is $5,000 or more with University funds, or $2,500 or greater when using federal funds [$2,000 or greater for construction-related items] and is made from a non-Preferred Supplier with a Procurement Card transaction, a Web-order or an Oracle purchase order. The checklist must also be completed any time a consultant or sole source is being used. Adequate rationale must be provided for non-Competitive source selections. Evidence of price/cost analysis (determination of price reasonableness) must be included to meet audit requirements. All checklists must be complete, accurate and adequate.

The Office of Management & Budget’s Circular A-110 Part .43 Competition states: “All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids, and/or requests for proposals shall be excluded from competing for such procurements. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient. Any and all bids or offers may be rejected when it is in the recipient's interest to do so.”

Cost/Price Analysis

For those purchases that require the completion of the Purchasing Checklist and Bid Summary Form, the determination of price reasonableness must be addressed on the back (or 2nd page) of the form, and then the form must be submitted to PS. Any federally funded order exceeding $700,000 is subject to Public Law 87-653, Truth in Negotiations Act, and price reasonableness must be justified through cost analysis if the pricing was not established through adequate competition or the item(s)/service(s) is not commercial, or a price analysis cannot be performed. (Ref: [http://www.cmu.edu/procurementservices.html](http://www.cmu.edu/procurementservices.html)). Any federally funded order exceeding $100,000 should be coordinated through PS prior to the selection of the source.

Capital Assets

A capital asset is any item that costs $5,000 or more at the time of purchase and has a minimum useful life of two years. Equipment, furniture, fixtures, vehicles and buildings are examples of capital assets. The U.S. Government,
in conjunction with the Office of Sponsored Programs, has funded, either directly or indirectly, a great deal of the assets that fall into these classifications; therefore, the University is required to comply with policies and procedures mandated by the United States government through the Office of Management and Budget (OMB) Circulars A-21, "Cost Principles for Education Institutions"; A-110, "Grants and Agreements with Institutions of Higher Education"; and the Federal Acquisition Regulations (FAR).

Every two years, the federal government requires an inventory of capital assets. Property Accounting is responsible for ensuring that this inventory takes place.

Taxes

As a non-profit educational institution, Carnegie Mellon University is exempt under Public Law 85-859 from Federal Excise Tax (exemption No. A110656) and from payment of the Pennsylvania Sales and Use Tax (exemption No. 75-08601-0) on all transactions directly related to exempt University operations. University Procurement Cards have the University’s Pennsylvania tax exemption number embossed on the front side of the card. Suppliers who insist on having a Commonwealth of Pennsylvania Tax Exemption Certificate should be directed to contact Procurement Services.

Employees who pay sales tax when making purchases external to the purchasing systems (e.g. petty cash reimbursements, personal funds or the American Express Card) may not be reimbursed for sales tax, if paid.

Sales tax exemption status may, or may not, be applicable for purchases in other states. Contact Procurement Services for information regarding other states in which Carnegie Mellon has sales tax exemption status (412-268-8430).

Other taxes (room or occupancy, city, use, etc.) are applicable and Carnegie Mellon is obligated to pay.

Approvals

The authority for the approval of financial commitments rests with Officers of the Institution. These individuals may delegate (in writing) authority within their respective organizations in accordance with the Bylaws of the Institution.

All expenditures must be approved by an individual with budget authority prior to the issuance of a commitment.