Procurement Procedures

Procurement Services (PS)

7.0  RESTRICTED PURCHASES

7.16  Federally

Fund

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 before a purchase can be made. 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 whether any equipment being procured is government owned/titled.
3. Obtain approval for the purchase from the sponsoring agency, if needed.
4. Call 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 less than $2,500 or between $2,500 and $10,000 and with a Preferred Supplier, the purchase can be made using either a Procurement Card or an on-line purchase order in the Oracle system. If the transaction will equal or exceed $2,500 with a non-Preferred Supplier, the acquisition must be made utilizing an Oracle Purchase Order. All federally funded transactions equaling or exceeding $10,000 must be done on an Oracle PO. If the transaction will equal or exceed $10,000, and is from a non-Preferred Supplier, its associated Oracle PO will require approval by PS 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
3. Make and maintain permanent files with the supporting documentation for audit purposes.

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) or Federal Acquisitions Regulations (contracts), 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 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.

Property Accounting Services

Property Accounting screens purchase orders when federally funded grants or contracts are used to acquire capital assets costing $100,000 or more, in order to identify any duplication and to avoid purchasing unnecessary items. It is the responsibility of the Principal Investigator to file an Equipment Screening Report with Property Accounting prior to the initiation of any procurement, and to provide a finalized copy to PS with the approval package.

Office of Sponsored Research

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.

7.17 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 sponsored funds to purchase alcohol is also prohibited.

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, follow these steps:

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 will only accept the Procurement Card or a certified check. It is strongly recommended to use the Procurement Card. If this is not possible, a "Special Request for Payment" must be processed with Accounts Payable at least four (4) days before it is needed.
3. Present your card or the check, if not ordered with a Procurement Card, at the State Store when the order is picked up.

7.18 Temporary Employment Service

If a temporary employee is required, contact the Employment Office in Human Resources, 412-268-4747. The Employment Office retains a pool of trained clerical and secretarial personnel who are available for full- or part-time, short-term assignments (less than four months) at the University. This service, the Temporary Employment Service (TES), offers the University temporary personnel services comparable to those obtained from outside agencies, at significant savings. In addition, it ensures that federal, state and local regulations concerning equal opportunity and affirmative action are met. All TES employees have been interviewed, references have been checked, and appropriate clerical testing has been administered. The TES handles all administrative work.

TES employees can:

- provide support while a regular staff member is on vacation or a leave of absence;
- meet short-term additional staffing needs;
- provide support during position vacancies.

If a TES employee is needed:

1. Call the Employment Office and ask for the TES supervisor. Be sure to notify TES as soon as a temporary employee requirement is identified, but
at least a day in advance. In most cases, they can accommodate the needs and time schedule.

2. Provide a description of what the job involves: tasks to be done, skills required, type of computers and software used, starting date and anticipated length of the assignment, department name and charge number(s), supervisor's name and room number where the temporary employee should report. Notify the TES supervisor if the temporary employee's assignment involves working with chemicals (other than office supply types). As required by OSHA, all employees participating in such activities must complete Hazard Communication Training before they are allowed to start work.

3. TES will conduct a search of its temporary pool and will contact the requester when they match an individual to the needs. At that time, the supervisor will also identify the departmental hourly charge.

On the occasions that clerical support is required, and is not available in-house, the TES will contact outside agencies to secure a temporary employee.

Periodically, TES will ask that a written performance evaluation be completed for the TES employee. This evaluation process enables the requester to provide valuable feedback. If there are any problems related to the TES employee's job performance, please contact TES as soon as possible.

7.19 Trademark Licensing

The University's Trademark Licensing Office protects the use of Carnegie Mellon trademarks. 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, T-shirts, coffee mugs, tickets, balloons, uniforms, booths and exhibits.

The Trademark Licensing Office has established licensing agreements with a number of suppliers who provide a variety of products. A complete list of all current licensees can be obtained by contacting the Trademark Licensing Office. 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. Note that not all licensees are Preferred Suppliers. If it is necessary to use a supplier that is not licensed, consult the Trademark Licensing Office.

For more detailed information regarding the use of Carnegie Mellon's trademarks, refer to the Policy for Use of Carnegie Mellon Trademarks or contact the Trademark Licensing Office at 412-268-3904.
7.20 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. Sample language for a letter can be found as Appendix 8.19 hereto, or on the Procurement Services website under Contracts (https://www.cmu.edu/procurementservices/contracts/index.html).

7.21 Internet Purchasing

A. Purchases

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Sales Prohibited

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

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