



Purchasing Policy

Responsible Executive: Andrew Fronczek, Director of Purchasing & Auxiliary Services

Responsible Office: Purchasing Office

Related Policy: Purchasing Policy

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I. POLICY STATEMENT

John Carroll University (JCU) closely monitors the purchases of services and goods. The procedures stated in this policy should be followed whenever possible; applicable deviations are permitted only in situations where it is necessary to meet reasonable guidelines imposed by donors or grantors. It is the responsibility of each Department Administrator to be certain that all staff comply with this policy.

II. PURPOSE

It is JCU's policy to spend the funds entrusted to it in a cost-effective manner subject to the terms and conditions of donors, grantors and government agencies. The intent of this policy is to obtain goods and services at the lowest total cost of ownership. This is accomplished through the solicitation of competitive bids, contracts, and establishment of preferred vendor relationships.. Business is awarded to vendors who offer the best price consistent with specifications and required quality, delivery, and service.

III. RESPONSIBILITIES AND FUNCTIONS OF THE PURCHASING OFFICE

The primary responsibility of the Purchasing Office is to assist in the purchase of materials, supplies, and services, with the objective of obtaining goods or services at the proper time, in the proper place, in the quantity, quality and price consistent with University needs. The balancing of these factors is critical to the success of the University.

The general responsibilities and functions of the Purchasing Office are as follows:

- The Director of Purchasing & Auxiliary Services has the responsibility for the procurement of all goods and services. The Director of Purchasing & Auxiliary Services is responsible for reviewing the quality and type of material requested, to ensure that the best interests of the University are served.
- Purchasing has the responsibility for obligating the University and for making the final determination of source of supply, quantities purchased, delivery schedules and price negotiations, except where others are so authorized. These decisions are made in conjunction with the Finance Office and other departments, as appropriate.
- Purchasing is responsible for identifying products and/or services that lend themselves to standardization that will assist in lowering overall cost to the University.
- Purchasing is the channel through which all requests regarding prices and products are handled. The Purchasing Office should conduct all correspondence with suppliers involving prices or

quotations. In cases where technical details are necessary, the requisitioning department may correspond with suppliers. In such cases, the Purchasing Office should be provided with copies of all such correspondence. The appropriate Purchasing personnel (agents) using their delegated authority should handle all negotiations.

- Purchasing will secure quotations from vendors for all goods and services and issue purchase orders after the successful supplier has been chosen.
- Purchasing will conduct interviews with suppliers' representatives to obtain information, specifications, quotations, etc., for goods and services required.
- Purchasing will seek to obtain and purchase all goods at the lowest possible total end-use cost, considering the guidelines of prices, service, quality and delivery. Supplier selection and products purchased are to meet the basic policies and standard practices of the University.
- Purchasing will consolidate purchases whenever possible to obtain discounts for volume purchases and to enter into requirements contracts with vendors for more favorable prices
- Purchasing will hold discussions with ordering departments whenever the quantity or specifications of materials ordered are inconsistent with sound purchasing practices.
- Purchase supplies, material, equipment, and related services for programs and departments and obtain maximum value for every dollar spent and to ensure that qualified suppliers are given equal opportunity
- Purchasing will order, with the help of its agents, all furniture and large equipment for the University
- Purchasing will furnish, upon request, prices or cost estimates of materials and supplies to departments for budgetary and other purposes
- Purchasing will order all stationery, envelopes, business cards, and forms
- Purchasing will dispose of all materials declared surplus or obsolete by department heads or others in authority

IV. CONFLICT OF INTEREST

It is the policy of JCU that officers, employees or agents shall not solicit or accept personal gratuities, favors or anything of significant monetary value from any vendor or potential vendors.

V. PURCHASING POLICY

A. Overview

JCU utilizes a Modified Centralized Purchasing System for the acquisition of its supplies and equipment. Under this system, all items are procured through the Purchasing Office or one of its empowered agents. A purchase order is required for all purchases of \$500 or more, unless the items are purchased under the University Pcard Program.

The Purchasing Policy guidelines supersede any conflicting statements set forth in the Pcard policy, except those related to prohibited purchases and minimum spending limits.

A purchase order is required for items with a total cost of more than \$500, unless they are made through a preferred vendor or with a vendor with whom the university has a service contract.

Vendors with whom purchases, for items with a total cost of less than \$500, are placed must accurately document the University employee's name and department on the packing slip. The employee's name, department, and accounting information should appear on the invoice.

When making purchases on behalf of the University, please contact the Purchasing Office for a Sale Tax Exemption Form. Present this form when you check out and your purchase will not include sale tax.

REMINDER: Misc purchases for supplies should be made with the University Purchasing Card. This eliminates the need for a sales tax exemption form or expense reimbursement request. For more information, please contact Andrew Fronczek or Tom Reilley in the Purchasing Office.

NOTE: The University does not use Standing/Open POs.

B. Items & Services that Require a PO, Regardless of Cost

The following items require a purchase order regardless of their cost; unless these items are obtained through a preferred vendor or with prior consent from the Director of Purchasing & Auxiliary Services:

- Office Supplies
- Printing
- Housekeeping Supplies
- Furniture
- Equipment Purchases
- Equipment or Facilities Rental
- Software & Computer Equipment
- Hazardous or Controlled Substances
- Renovations and Facility Upgrades (unless there is a written contract)
- Meeting Supplies & Rentals

C. Exceptions

Exceptions to completing a purchase order fall under one of the following conditions:

- A purchase made under the guidelines of the Pcard Program
- Use of Preferred Vendors
- Reimbursement of personal expenditures made under the guidelines stated above
- Contractual services under which terms and/or hourly rates are clearly listed
- Use of Employee Travel Expense Reports
- Purchase of items with a total cost less than \$500 (unless required)
- Utility Expenses

D. Hazardous Substances

Annual clearance must be obtained from the Manager of Regulatory Affairs and Risk Management before any hazardous and/or controlled substances can be purchased. Once these items are approved, these items can be re-ordered without subsequent approval. These items include:

- Radioactive and/or hazardous materials unless they have been approved through your Department chair and reviewed with Office of Safety and Risk Management.
- Controlled substances unless they have been approved through your Department chair and reviewed with Office of Safety and Risk Management.

VI. DELEGATION OF PURCHASING AUTHORITY

The Director of Purchasing & Auxiliary Services may delegate purchasing authority to certain individuals within departments in specific cases involving routine procurement, subject to standardization of procedure. Such individuals must follow the purchasing guidelines developed for their department; assume full responsibility for making purchasing transactions in accordance with established policies. Such authority may be withdrawn at any time.

When delegation is granted, the guidelines developed may include:

- Specific functions granted, i.e., right to request quotations, tabulate and evaluate bids, make awards
- Specific items or types of items to be purchased
- Methods of taking bids (sealed or telephone bids)
- Number of bids required
- Dollar limits
- Approval to determine qualified bidders
- Reports required by Purchasing Department

The Purchasing Office in conjunction with the Vice President for Finance must ensure that departments are aware of and operate within the scope and limits of the delegated authority.

VII. PREFERRED VENDORS

A preferred vendor is one with whom JCU has negotiated an agreement with that could include price discounts, exchange of information (such as anticipated needs, price changes, etc.), simplified ordering methods, set delivery programs, specialized customer service requirements, and billing/payment methods. These vendors generally have an established relationship with JCU, are familiar with our facilities, policies and procedures, and have excellent reputations.

Desired characteristics of a preferred vendor include:

- A vendor with whom the University makes frequent purchases
- Use of detailed monthly statements
- Online catalogs with up-to-date pricing
- Lower overall costs

- Streamlined ordering processes
- Dedicated customer service

Preferred vendors are typically reviewed on a periodic basis unless long-term contractual agreements have been established.

VIII. WRITTEN BIDS & QUOTES

A minimum of three (3) written bids or quotations is to be obtained for:

- All non-capital purchases exceeding \$5,000
- All capital purchases exceeding \$25,000

A minimum of two (2) documented verbal quotations is to be obtained for:

- All non-capital purchases exceeding \$1,500
- All capital purchases exceeding \$10,000

Competitive quotations may also be solicited for procurements below the established limits, whenever it would best serve the interests of the University. Exceptions to the process are made in situations where no apparent benefit would result to the University. Such exceptions include:

- Existing contract or price agreement
- Single authorized distributor
- Duplication of investment (e.g.: die cuts, negatives, plates, etc.)
- Sole-source with justification attached

The Executive Director of Purchasing & Auxiliary Services must approve any exceptions to this procedure. Additionally, a reduced number of bids or quotations are allowed in emergency situations where time is critical. Quotes may be obtained via email or over the telephone, however a purchase requisition must still be completed and a signed purchase order submitted to the vendor before any payment for service or equipment will be authorized.

When bids or quotations are received, evaluation of the lowest total cost of ownership is determined, and the lowest bidder is to be selected. If the lowest bidder is not selected, a list of reasons for the decision must be documented. In the event that the required number of vendors has not been obtained due to a non-response from a solicited vendor, documentation should be maintained with the other bids that a bid was solicited and a response was not received.

All contractual documents relating to the acquisition of goods or services should be forwarded to the Purchasing Office for review, final processing, and permanent safekeeping. The Director of Purchasing & Auxiliary Services shall determine which contracts need to be reviewed and/or signed by the Vice President for Finance. Final approval of the bid by the Purchasing & Director of Auxiliary Services or Vice President for Finance is required before a purchase order is issued.

Quotations for bids related to capital expenditures should be retained for a period of three years upon completion of the project.

IX. CAPITAL ASSETS CPOSTING \$10,000 OR MORE

A. Budgeted Items

A budgeted capital item costing \$10,000 or more needs the approval of the Vice President of the division or Dean of the school requesting the purchase before the order will be placed.

B. Non-Budgeted Items

A non-budgeted capital item costing \$10,000 or more needs the approval of the Vice President of the division or Dean of the school requesting the item and must be reviewed with the Director of Budget & Financial Analysis. The Vice President for Finance must then approve the request before the order will be placed.

X. PERSONAL PURCHASES & ACCOMODATIONS

No personal purchases are permitted, either via purchase order, check request, or a University sponsored credit card. In addition, no employee may use the University's name or present him/herself as an agent of the University when making personal purchases. However, the Purchasing Office will encourage the University's vendors to extend any "favorable pricing" directly to our Faculty, Staff, and Administrators.

XI. PURCHASE REQUISITIONS

In this section, identify the participants and their responsibilities, lines of authority, and the materials and documents needed to carry out the policy. Specifically describe protocols, practical methods, or step-by-step instructions, explaining how to carry out the policy.

A. Preparation of a Purchase Requisition

The person(s) responsible for making initiating a purchase within a department should prepare a purchase requisition (EZ Requisition or Banner On-Line Requisition). The purchase requisition should include:

- Date Prepared & Date Required (if important)
- Recipient's Name
- Department's Name
- Authorized Signature (Department Head, Dean and/or Vice President)
- All relevant Budget Numbers, an Account Code, plus any Activity Codes (if desired)
- Vendor Name (if known or if one is preferred)
- Address, Phone, & Fax (if it is a company that the University currently is not doing business with)
- Quantity, Description, & Cost of Item (including model and/or catalog number)

B. Proper Approval

A system of authorization and approval is an important element of budget control. No purchase requisition will be processed that does not have an Organization or Index code and Account Number and the proper authorized signature(s). Depending on the item or dollar amount, the appropriate Dean and/or Vice President may need to sign off the purchase requisition as well as the Department Head. Once the form is completed, forward the original copy to the Purchasing Office and retain a duplicate copy for your records.

If the item is an emergency (Rush) an EZ/Quick Purchase Requisition can be faxed to the Purchasing Office at 216-397-3062 or hand delivered to the Purchasing Secretary and/or Director of Purchasing & Auxiliary Services. Please follow up your fax with a phone call. If a Banner Requisition has been created on-line, the requisition number should be noted and call placed to

the Purchasing Office referencing that requisition number. Every effort will be made to process "Rush" purchase requisitions immediately. If, for any reason the buyer has difficulty meeting the time requirement, the Purchasing office will contact the requester.

C. Receipt of Merchandise and Invoice Processing

Upon receipt of merchandise, materials should be inspected to verify that it was received in good condition and compare it with the purchase order to insure that it was received in the correct quantities. Packing slips or other receiving documents should be maintained in the Department until the invoice is received.

A purchase order number or copy of a purchase order must accompany all invoices presented to the University for Payment; otherwise that invoice will not be paid (except for Preferred Vendors utilizing Summary Billing). Invoices are initially received, sorted, and routed from the Purchasing Office to the ordering Departments unless they are Summary "Statement" Bills.

Upon receipt of the invoice, the packing slip should be compared to the invoice. Departments confirm that the merchandise was correctly received and that the invoice is accurate. If it matches correctly, the invoice should be approved and forwarded to Accounts Payable for processing. If the merchandise is not in good condition, incorrect quantities have been sent, or the invoice is incorrect, notify the vendor. If satisfactorily settlement can be made, do so and notify the Purchasing Office regarding the outcome. If the proposed settlement is not satisfactory, notify the Purchasing Office, which will then coordinate the settlement.

Invoices are typically paid on the 15th and 30th of each month by Accounts Payable.

XII. AMENDMENTS OR TERMINATION OF THIS POLICY

JCU reserves the right to modify, amend, or terminate this policy at any time.