

## 9.4 PURCHASING

### 9.4.1 Introduction

Bellarmino University operates under a Central Purchasing system. Central Purchasing allows the University to take a comprehensive and coordinated approach to supplying the materials and services needed by the University to conduct its business. In order to achieve these goals in an effective and efficient manner, the University operates on a Purchase Order system. The procedures of this system are outlined by the Central Purchasing Department located within the Business Affairs unit of the University, and are displayed and updated on the Purchasing web page. All employees are responsible for reviewing these procedures.

The purpose of this policy is to ensure that the supply of materials and services is undertaken in a fair and open way that provides the greatest benefit to the University, while remaining in full compliance with legislation and other related University policies and procedures. The Purchasing Department has the primary responsibility for the selection of suppliers, determination of price, terms and conditions, method of delivery, and solicitation of bids or quotes in order to obtain the benefits of centralized purchasing. **This policy extends to all members of the University community.**

The supply of materials and services for the University must be undertaken as follows:

- In a timely, efficient, and ethical manner;
- In full compliance with applicable legislation, other related University policy, and established University procedures;
- Through fair, open, and transparent processes; and
- With due regard to the effective stewardship of the University's financial resources.

### 9.4.2 Organization

Purchasing has the sole authority to commit the University in contracting for materials and services, with the exceptions of those specifically authorized by the President, the Vice President for Administration and Finance, or the Purchasing Manager. All forms of contracts must be signed in accordance with the Board approved signatories in addition to following any applicable purchasing procedures. The exceptions that have been approved are as follows:

1. Employment contracts or agreements
2. Real estate
3. Major renovations and new construction of buildings
4. Textbooks and items stocked by the Campus Store
5. Utilities (e.g., water, electricity)
6. Consultants
7. Subscriptions
8. Memberships
9. Others as exempted by the Purchasing Manager, Vice President for Administration and Finance, or the President

#### 9.4.2.1 Gifts, Gratuities

It is Bellarmine's policy that no employee or their families are to accept gifts, entertainment, favors, or kickbacks from any current or potential supplier. If any supplier offers gifts or gratuities to the Purchasing Manager or any University employee or their family, the supplier may be removed from the approved vendor supplies list of Bellarmine University. Suppliers are notified of this policy.

#### 9.4.3 Contracting

##### 9.4.3.1 Contractors/Vendors

Contractors receiving awards of quotations will be required to sign a contract with the University and furnish proof of a minimum of \$1,000,000 general liability insurance for purchases or services to be performed on our campus. In addition, contractors will be required to furnish worker's compensation insurance reflecting a minimum of \$1,000,000 coverage. **All** vendors must submit a completed W-9 Form prior to any payments being approved and processed.

The University discourages the utilization of contractors who cannot furnish proof of the above insurance coverage. For any departments who utilize such a contractor, their budget will be assessed a percentage of the total invoice for the KESA insurance premium Bellarmine will be required to remit each calendar year for utilization of vendors not insured with Worker's Compensation insurance.

##### 9.4.3.2 Disadvantaged Vendors

Bellarmino is committed to the principles of Affirmative Action and shall endeavor to apply these principles in its purchasing with the objective of fostering greater participation by minority and women-owned enterprises in its procurement activity. This assumes that price and availability are equal.

##### 9.4.3.3 Requests for Quotations

Normally, a minimum of three weeks should be allowed for the Purchasing Manager to obtain written quotations. After receipt, the bid information will be shared with the user area. After evaluating the bids, the department heads must indicate in writing which vendor they recommend. If any vendors have a lower quote than the recommended vendor, a reason must be given in written form for not selecting those particular vendors. If the Purchasing Manager agrees with the recommendation, a purchase order will be issued. If the department head and the Purchasing Manager disagree with the selection and the Purchasing Manager has assessed the rationale for the selected vendor but cannot in good faith recommend the vendor with that additional information, the Assistant Vice President for Administration and Finance will be consulted for his/her decision. If all bids are rejected, the department head must explain in writing why none of the bids were accepted.

All quotations are to be delivered, faxed, or mailed to the Purchasing Manager. Any bid or quotation delivered or mailed directly to another department without the Purchasing Manager's prior approval may be disqualified.

Bids or quotations received after the specified date given may be disqualified from the bid process. When competitive bids are required, all bids remain unopened until the deadline date. At this time, all bids received are opened simultaneously.

Quoted prices will not be released to the competitive vendors including the vendor awarded the purchase.

Normally, the development of bid lists within reason, as determined by the Purchasing Manager, will consist of at least three interested and qualified bidders for a given product or service and shall be provided an opportunity to offer quotations as deemed necessary by the Purchasing Manager.

The "bid list" for a given requirement shall be the responsibility of the Purchasing Manager. The Purchasing Manager shall use various resources to develop the list including, but not limited to,

1. requesting department suggestions, and
2. developing lists from
  - a. previous similar solicitations
  - b. advertisements in trade journals by potential suppliers
  - c. catalogs
  - d. lists of minority or otherwise disadvantaged suppliers, and
  - e. direct solicitations by potential vendors.

The Purchasing Manager must be involved in solicitation of goods whether by quotation or request for proposal unless exempted by the Vice President for Administration and Finance or the President.

Vendors are selected for their capability to serve the needs of Bellarmine in the most economical and efficient manner possible. Past performance and cooperation are important factors.

Vendors must comply with the Equal Opportunity Act, since it is the policy of the University to promote the full realization of equal employment opportunity through an Affirmative Action Program. They must also comply with all federal, state, and local laws and directives.

Instances where proprietary purchases are applicable include the following:

- When property or services can be obtained only from one person or firm.
- When the procurement is for electric power, gas, water or other utility services where it would not be practical to allow a contractor other than the utility company itself to work upon the system.
- When the procurement is for technical services in connection with assembly, installation or servicing of equipment of a highly technical or specialized nature.
- When the procurement is for parts or components to be used as replacements in support of equipment specifically designed by the manufacturer.
- When the procurement involves construction where a contractor is already at work on the site and it would not be practical to engage another contractor.

Final responsibility rests with the Purchasing Department in determining whether an item is a proprietary item and may be purchased from a sole source.

#### 9.4.3.4 Insurance

Prior to the commencement of any work or services for the University, evidence of appropriate insurance coverage must be submitted by the contractor to the Purchasing Department in the form of a certificate of insurance reflecting General Liability and Worker's Compensation with a minimum of \$1,000,000 coverage in each category.

#### 9.4.3.5 W-9 Form

Prior to payment for services rendered or items delivered to the University, the supplier must have a completed W-9 Form on file with the Purchasing Manager. Payments will not be forthcoming until receipt of the form.

#### 9.4.3.6 Contracts

All forms of contracts, with the exception of academic employment contracts, must be signed by the Vice President for Administration and Finance or the President, as approved by the Bellarmine University Board of Trustees. Exceptions to this provision are as follows:

The Provost for faculty contracts and other educational agreements. The Associate Vice President for Academic Affairs or the Director of Academic Operations for faculty contracts, other educational agreements, and other contracts up to \$5,000.

The Dean of the Annsley Frazier Thornton Education for teacher education. (This extends only to certification of the application form submitted by the student to the School of Education for a Teaching Certificate.)

The Vice President for Administrative and Student Services for contracts relative to student social functions where the obligation incurred does not exceed \$5,000. The Dean of Students, the Director of Student Activities, or the Director of Residence Life for contracts not exceeding \$2,000.

The Vice President for Development and Alumni Relations or the Director for Alumni Relations for contracts where the obligation incurred does not exceed \$5,000.

The Vice President for Administration and Finance for purchase contracts, purchase of real estate, vendor leases, insurance and service contracts, rental leases, purchase contracts, employee benefit contracts, construction contracts, and government contracts. The Assistant Vice President for Administration and Finance may sign purchase contracts up to \$25,000.

### 9.4.4 Expenditure Of Funds

#### 9.4.4.1 Purchase of Goods and Services

Purchases from a single vendor for equipment and/or repairs that are \$5,000 or greater in the aggregate amount shall be procured by written, competitive quotations whenever possible, unless an exception is granted by the Purchasing Manager, Vice President for Administration and Finance, or the President. These purchases require three written bids before the purchase will be approved.

If the purchase from a single vendor is for construction and/or renovation and is \$10,000 or greater in the aggregate amount, it, too, shall be procured by written, competitive quotations whenever possible, unless an exception is granted by the Purchasing Manager, Vice President for Administration and Finance, or the President. These purchases require three written bids before the purchase will be approved. Examples of exceptions include emergency situations, purchase of contractual services from consultants or lawyers, and exemptions already delegated to a particular department, plus those mentioned previously.

For purchases which cannot be planned and do constitute an emergency, a purchase order number may be obtained from the Purchasing Manager before the purchase is made. The department must know an estimated amount of such a purchase before obtaining the phone order number. A requisition must be sent to the Purchasing Manager after the order has been placed by the department. In addition to the price and description, the phone order must be listed on the requisition. Also, the phrase “confirming order” should be listed on the requisition. Emergency purchase orders should be kept to a minimum. The department will be responsible for explaining why the purchase is an emergency.

**Summary**

**\$5,000 & greater**

**Quotations are required from a minimum of three vendors for equipment and/or equipment repairs.**

**\$10,000 & greater**

**Quotations are required from a minimum of three vendors for construction and renovation projects.**

Items such as subscriptions, memberships, honorariums, lodging deposits, and registration for conferences may be handled through check requests and need not be submitted to the Purchasing Manager for quotations

The University operates on a Purchase Order system. Purchase Orders are required in order to procure materials or services for the University. If any individual contracts with a supplier without **first** obtaining a purchase order via the Purchasing Department (before the ordering, not after), the University may notify the supplier that it was an unauthorized purchase and the supplier will be instructed to contact the individual, who contracted with the vendor outside of the guidelines established, for payment.

Violations of purchasing policies and procedures may result in a ~~10%~~ penalty being assessed against the department

9.4.4.2 Check Request

It is the role of the Purchasing Department to evaluate and purchase those goods and services which can be competitively bid. It is recognized that there are certain acquisitions that cannot benefit from competitive bidding and the issuance of a purchase order. In this case, user departments may contact the supplier directly and utilize the *Check Request Form* to initiate payment. The check request may be used for memberships and subscriptions, as well as for casual labor and honorarium payments. There are other occasions outlined in writing on the [www.purchase.edu](http://www.purchase.edu) website. The Request for Check is available online and as a pre-printed form. It is designed for those instances where payment is required as a renewal, deposit, travel advance, etc. It is not the approved form to utilize for supplies ordered and received or services rendered to the University, with the exception of individuals' casual labor payments.

#### 9.4.5 **Special Purchasing Policies**

##### 9.4.5.1 *Open/Blanket Purchase Order*

The Purchasing Manager may, in conjunction with the user area, obtain requests for quotations based on an annual consumption in order to secure a more competitive price. An example of this would be trash liners. Based on the supplier agreed upon by the user area head and the Purchasing Manager, the Purchasing Manager may issue a Blanket Purchase Order to the supplier awarded the commodity purchase. In this manner, the user area, Housekeeping, could contact the respective supplier each time they needed trash liners and specify quantity and delivery. Housekeeping would not have to submit a purchase requisition to the Purchasing Manager until such time as to re-bid the commodity. The Accounts Payable Clerk will make certain the invoices are paid only for the amount the supplier bid, which would be reflected on the open purchase order.

An Open Purchase Order is used in instances of various commodities purchases from one supplier, e.g., plumbing supplies as needed. No annual bids were requested, but when the user area needs to make a purchase, the open purchase order number is provided to the supplier. A dray ticket or receiving ticket must be forwarded to the Accounts Payable department for verification of purchase when an invoice is received from the supplier.

##### 9.4.5.2 *Emergency Purchase Orders*

We understand that there will be occasions when a bid process is not practical due to the nature of the emergency occurrence. For example, assuming that the telephone system received a power surge which caused the port cards to blow, two port cards would need to be replaced in order to get the telephone system up and running. The port cards cost \$2027 each.

This constitutes an emergency situation.

1. The user area would contact the Purchasing Manager for an emergency purchase order number.
2. The user area follows up by sending a purchase requisition online to the Purchasing Manager on the same day as the emergency purchase order was assigned.
3. The invoice or requisition states confirming order.
4. The emergency situation has been handled promptly by the user area in conjunction with Purchasing to everyone's needs and satisfaction.

Failure to anticipate a need is not, of itself, considered an emergency.

##### 9.4.5.3 *Travel*

Travel arrangements may be coordinated through the Purchasing Manager using the Purchase Card for airfare.

The University has accounts established with a travel agency who will accept purchase orders so the individual is not out personal funds for payment. The University also has accounts established with rental car agencies who will accept purchase orders so the individual is not out personal funds for payment. The University prefers that departments utilize purchase orders with all suppliers who will accept them and who will honor the University's tax exempt status. The University also requests that a purchase order be utilized for the conference fee if they will accept an institutional purchase order.

If you encounter difficulty with a supplier who is unwilling to accept a purchase order for any aspect of your travel needs, please contact the Purchasing Manager for further instructions.

#### 9.4.5.4 Personal Purchases

The Purchasing Department will place orders for individuals in order to make available to them any discounts allowed by our suppliers, provided this service does not disrupt normal purchasing operation and procedures, and provided the individual makes previous arrangements as to the method of paying the accounts. Purchases made for individuals are subject to the Kentucky Sales Tax.

For those purchases expected to total \$500 or more, the employee must provide prepayment prior to approval being granted by the issuance of a Purchase Order.

#### 9.4.5.5 Sales Tax

Bellarmine University is exempt from Kentucky State Sales and Use Tax. When requested, the Accounts Payable Department will furnish a copy of our tax exemption certificate with the purchase order.

#### 9.4.5.6 Office Supplies

All office supplies are to be purchased through the Campus Bookstore. Office supplies include all stationary, pens, and pencils, textbooks, sportswear (for Bellarmine sponsored events, give-a-ways, etc.), and expendable equipment. Those who violate this policy will not be reimbursed and should consider it a donation to the University.

For promotional product purchases of 24 or more in quantity, the originator may choose to purchase their promotional products through the Purchasing Manager rather than the Bookstore. The Purchasing Manager has negotiated apparel wholesale accounts for deeply discounted pricing. The department will be provided a price for the commodity which ~~will~~ may include an ~~15%~~ up-charge for overhead in filling the order.

If a department purchases sportswear or promotional items outside of the Campus Bookstore or the Purchasing Manager, ~~they~~ Purchasing will ~~be assessed~~ the department a fee of 15% of the grand total of the purchase ~~by Purchasing~~.

If at any time a department feels they know of a bargain purchase, they should notify the Purchasing Manager.

#### 9.4.5.7 Printing Needs

Most Bellarmine printing is handled through the Bellarmine Copy Center. The initial request for any official publication, form, or other printed matter which will be produced for promotional purposes or in-house business use should be submitted to Marketing for brand approval and design. After design is complete, it will be submitted to the Copy Center for production.

The Copy Center will work with Marketing to decide if the job will be produced in-house.

If a form is intended for use with the accounting software system, the originating area must consult with the Information Services Department and obtain the Director's approval of the form design before submitting the purchase requisition to the department of purchasing.

Stationery items, such as letterhead, envelopes, business cards, and notepads, are available through the Copy Center.

#### 9.4.5.8 **Computers and Computer-related Products Purchases**

All computer and computer related purchases must go through the Department of Information Services. This is necessary in order to regain control of paperwork relative to financial statements (with regard to the inventory of assets) and insurance coverage, and maintain consistency with software and computer purchases. All areas are to continue to complete the Purchase Requisition, stipulating the area account number to be charged for the purchase. The requisition will automatically route to the Director of Information Technology when the commodity code *Computers* or *Software* is used. The Director of Information Technology will first check to see that the item(s) requested is not in the current inventory. If it is not, the Director of Information Technology support personnel will research with appropriate suppliers for the best price and approve the Purchase Requisition so that it routes to the Purchasing Manager for further approvals and generation into a purchase order. As computer related shipments are received, the Mail Room Supervisor will notify the Director of Information Technology, who then will transport the items to the Department of Information Technology. The Department of Information Technology will affix inventory tags to those items needing tags, and then notify the areas that their orders are ready to be picked up.

#### 9.4.6 **The Purchase Order**

##### 9.4.6.1 *Initial Creation*

The Purchase Order form is a three part form created from the information supplied on a Purchase Requisition from the originating department. The Purchase Order is our contract with the supplier. For this reason, it is important that the supplier receive their copy of the purchase order. They are made aware of Bellarmine's billing requirements, our tax exempt status, the price we were quoted for the individual line items of the purchase, expected date of delivery, confirming order, etc. There are many facets of information the purchase order can contain which is critical for the supplier to have in written form.

##### 9.4.6.2 *Distribution*

The Purchasing Department is the only office authorized to assign a purchase order number and prepare the actual Purchase Order. Once the purchase order has been prepared by Purchasing, the three parts of the form are distributed as follows:

**Part 1, Original top copy, Receiving Report** is sent to the originating department. The originating department should retain this *Receiving Report* as it is to be used for notifying Accounts Payable when the order has been received. Once the department is in receipt of the total order, and it is in acceptable condition, the department head or his/her designee should sign the *Receiving Report* and forward it to Accounts Payable via intercampus mail.

**Part 2, Supplier Copy.** The Purchasing Department prefers to fax or mail the *Supplier Copy*, but if a department requests to do so on their own, it is permitted. The *Supplier Copy* may be sent back to the originating department for hand delivery to the vendor, mailing to the vendor, or fax transmission to the supplier.

**Part 3, Accounts Payable Copy** is retained in Accounts Payable. The *Accounts Payable Copy* is retained for the outstanding purchase order file.



#### 9.4.6.3 Receiving Report

It is important for the user departments to return the Receiving Report promptly to the Accounts Payable department once the order is received. The credit standing of the University depends on fulfilling its debt obligations on time. Departments should arrange for alternate signatory power in order that absences not delay the payment process.

In the event that a department head feels payment should not be made because a supplier has not met the terms and conditions specified in the Purchase Order, he/she should notify the Purchasing Manager and Accounts Payable immediately, in writing, of the details surrounding this Purchase Order.