

# MANSFIELD UNIVERSITY PURCHASING POLICY

Revised: PURCHASING POLICIES – 3-26-14

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## INTRODUCTION

The intent of this manual is to establish the effective policies, guidelines and prudent business practices for the purchases of commodities, equipment and contracts with sound business practices. This practice must be consistent with the applicable laws of the Commonwealth of Pennsylvania and the Pennsylvania State System of Higher Education Procurement Code (Act 57 of 1998). It is also to make the task of requisitioning materials, supplies and contractual services easier.

All purchases, contracts and any agreements that commits the institution, irrespective of the sources of the funds, are under the authority delegated to the Director of Purchasing by the Vice President of Finance and Administration.

## MISSION AND GOAL OF THE PURCHASING DEPARTMENT

It is the policy of the Purchasing Department to obtain all goods and services that have to do with supplies, equipment and contractual services at the lowest possible cost to the University. The Purchasing Department will strive to provide the highest level of quality, value and satisfaction to the campus (departments). In conforming to this policy, competitive bids will be solicited, unless the vendors are listed in the State Contract, Costar (is subject to negotiated price by the Purchasing Department), Collaborative Contracts or System Contracts. Sole Source solicitation is done when the items are proprietary and fully justified.

All procurements will be done consistent with the Mansfield Mission as stated in the institution's strategic policy. It is the Purchasing Department's primary mission to support the University's mission in supporting a quality education to students. The Purchasing Department has the responsibility to procure all goods and services in accordance with sound and prudent business practices.

## PROCUREMENT REGULATION AND POLICIES

It is the policy of the University that funds should only be used for (educational) public purposes. All purchases are to be made by the Purchasing Department personnel. Employees making contractual obligations, real or implied, with any outside source (vendors) without the knowledge of the Purchasing Department (i.e. without following the proper procurement procedures) may be held monetarily liable for their actions.

Funds should not be used to purchase gifts or personal items for employees, alcohol, party supplies, flowers for individuals, or similar items that benefit only a select few or have no legitimate business. In addition, the University cannot transfer funds to other organizations (i.e. foundation, associations, charitable organizations, public agencies, etc.), without receiving goods or services in exchange. In all instances, the Purchasing Department personnel have the right to question the request and transaction that may appear inappropriate.

## PURCHASE ORDERS

After a department enters an online requisition, the Purchasing Department prepares and issues a Purchase Order. The Purchase Order is the normal instrument by which goods are procured. It is a legal instrument which expresses the buyer's part of a contract of sale. The Purchasing Department will process all requisitions entered by authorized department personnel.

If the purchased item is over \$19,100, Act 57 requires that we advertise in two local papers. An advertisement is placed seeking sealed bids from vendors, and they have two (2) weeks to respond. Once the bid is opened it could take up to one week to award the bid.

## CANCELING OR MODIFYING A PURCHASE ORDER

When it is deemed necessary to alter an open Purchase Order, contact the Purchasing Department immediately. Normally most changes are of a minor nature and can be made without any question or penalties being demanded by the vendor. It should be noted that such changes do require informing the vendor.

The cancellation of an open Purchase Order without just cause constitutes the breaking of a contract and requires the supplier's approval. If the supplier has incurred expenses regarding that order prior to the cancellation, a settlement for non-recoverable costs may be due to the supplier.

Any changes to a Purchase Order must be incorporated into the order by a "change order" initiated by the Purchasing Department. The changes should be confirmed in writing, justifying the reasons for the change. Advance notice must be given to the Purchasing Department to process the changes.

## SOLE SOURCE & SUBSTITUTION

Procuring goods and services on proprietary bases is not allowed. The policy of competitive bidding restricts the solicitation of proprietary goods and services. Generally, claims by departments of proprietary rights, sole source provisions, and "no substitutes" requests can be challenged by the Purchasing Department and may even be rejected. In a rare case, a proprietary procurement may be allowed if it is necessary to acquire a specific brand equipment to replace components of an existing machine. This will require a written justification with a rational explanation as to why it is necessary to have such equipment or services. The Purchasing Department will then complete a 'SOLE SOURCE CERTIFICATE' seek legal counsel review and approval. Otherwise, the Purchasing Department will assist departments in locating other sources of equal goods and services.

## EMERGENCY PURCHASES

The Purchasing Department recognizes the fact that on occasion an emergency or rush purchase of goods or services and contracts do happen. To facilitate this occurrence, a written policy exists in the case of construction work and will require the department to

follow the policy. Immediate contact should be made to the Purchasing Department to deal with the issue consistent with the emergency policy.

However, in cases other than maintenance, repairs and construction projects that affect the safety and welfare of students, faculty and staff, an Emergency Certificate will be completed. The Director of the Purchasing Department will request the approval and review of the University Legal Counsel explaining the emergency nature, and have facts and figures. Upon the approval, prompt submittal of a requisition is essential so that it may be “walked through”.

It is important that funds are available to process the emergency. It is the department’s responsibility to forward the cost center to charge the emergency work that needs to be done. It is important to note that proper planning eliminates many rush transactions, but real emergencies will be handled as expeditiously as possible.

## SERIAL PURCHASING

Serial purchasing is intentionally breaking an order into two or more purchases from a vendor to avoid the required bid process. For purchases over \$10,000 departments must have phone quotes, fax quotes and written quotes, and the quotes should be sent to the Purchasing Department as supporting evidence. However, purchases over \$19,100 must be advertised on two local papers and must be competitively bid.

## SERVICE PURCHASE CONTRACT

The timeline for the Service Purchase Contract could take between 4 to 10 weeks. The Service Purchase Contract (SPC) is sent to the vendor requiring a signed acceptance of all terms and conditions of the order. If the vendor is a proprietorship a signature and social security number is required on the contract. However, if it is a corporation, it requires the signature of the president and the tax identification of the corporation. Mailing the document, asking the vendor to accept the terms and conditions can take another a week or two.

If the Service Purchase Contract amount is over \$5,000 it will require the review and approval of the University Legal Counsel. And, that takes a week. However, if the purchase of the service is greater than \$20,000, in addition the contract requires the signature of the Attorney General which could take thirty (30) days for a review.

Therefore, it is critical for departments to plan ahead because of the above requirements. Sending an order to the Purchasing Department at the last minute and not giving the Purchasing Department the needed time to comply with the State System rules and regulations is not helpful. The Purchasing Department will help departments without violating the Commonwealth’s Purchasing Regulations.



## GREEN PURCHASING

One of the missions of the Purchasing Department is to procure goods and services that promote and sustain environmental friendly products. Environmental products are defined as products that are bio based products, energy-and water-efficient products, and products using renewable energy that are not hazardous or toxic to the environment. Some of the products are:

- Recycled content products, such as papers
- Green Seal Standard for recycled content latex paint
- Green janitorial products and services
- Green cleaning pollution prevention calculators
- Star Energy products
- 

## CONSTRUCTION CONTRACTS

The time line for the Construction Contract is very complex and requires much more planning. The evaluation of the project and working with the Architectural/Engineering firms to select the different riders that apply to the bid documents takes a while. The Director of Purchasing/Contracts will work closely with both the Director of Facilities Planning and his Assistant in coordinating and planning the projects. Such projects need to be evaluated for the prevailing wage requirement, duplicating blueprints, and preparing the bid package. After such determinations, the Director of Purchasing/Contracts requests the Prevailing Wage Certificate, requests blue prints and prepares the Bid Package.

The following requirements have to be filled to get the construction project moving in a timely manner consistent with the rules and regulations set by the Chancellor's Office of the Construction Support Office:

- The construction project has to be advertised in two major newspapers of the Commonwealth. It is required that it be advertised for thirty (30) days.
- During this time the "Bid Package" is prepared and available for distribution to vendors upon request.
- The Pre-Bid Conference date is established ten (10-15 days) between Pre-Bid and Bid Opening.
- After the Bid is opened, the evaluation of MBE/WBE requirements takes (2-3 days).
- Depending on the complexity and the amount of the construction, information and communication is made with the System Construction Office.
- Once a selection of the most responsive and responsible contractors is done, requests for Bond & Qualification Statements are requested by the Purchasing Department. A review of the documents will be conducted by the Director of

Purchasing to determine that the contractor is in good financial standing and meets all the requirements of the Bid Package. This may take one or two days.

- Once the contract is signed by the contractor and the proper signatures are acquired, the document is forwarded to the System's Construction Support Office for review, University Legal Counsel and Office of Attorney General. The process takes six (6-8 weeks).

## SYSTEM COLLABORATIVE CONTRACTS

OfficeMax Corporation (Collaborative Contract with 14 System Universities): This is a System contract that was negotiated by the Chancellor's Department. Departments have been trained to order online, and should contact the Purchasing Department for assistance. If the department doesn't get their orders the next day after the order is completed, they should get in touch with the Purchasing Department.

Grainger Corporation: Supplies for Housekeeping and Janitorial Services Collaborative Contract (System Contract) has been established by Grainger Corporation. Physical Plant and Residence Life departments are placing their orders online. Goods that are ordered are supposed to be delivered the next day. If you have a problem not getting your order on time, departments should contact the Purchasing Department.

There are also many collaborative contracts listed on the Procurement PASSHE Webpage. Questions on collaborative contracts should be directed to the Purchasing Department Ext. 4890 or 4148.

## TECHNICAL STANDARD REQUIREMENTS AND APPROVAL

It is University policy that departments need to check with the Information Technology Department (IT) for review and approval of software products/hardware specification prior to submission to the Purchasing Department. The purpose of this is to establish a standard that the IT department can support the products before they are procured.

On the purchases of copiers all matters must be referred to the Print Shop Department. The purpose is to protect departments from the fast talking salespersons and pitches. The Technology Department and the Print Shop have a vast experience in dealing with software and hardware and they will be able to guide departments in evaluating the department needs.

At the same time, we ask departments to check with facilities and planning to review your needs for heavy or oversized equipment to determine accessibility and structural floor and load capacity. There are many issues to consider when large size equipment is purchased such as utility connections, facility modifications and renovations and construction. For these reasons and others the Purchasing Department will require the review of the Facilities Department.

## PURCHASES THAT ARE PROHIBITED BY UNIVERSITY POLICY

Flower, Gifts, or Seasonal Decorations – Normally, the purchases of flowers or seasonal decorations may not be purchased from public funds. There are some exceptions, for example, purchase of flowers for the decoration of the stage at commencement or for the other major public functions. However, flower arrangements, holiday cards, expensive desk accessories, briefcases, or the acknowledgment of personal celebrations of the faculty or staff (sickness, birthday, deaths, retirement function, etc.) or other similar items are prohibited. Such activities are considered personal.

## COUNCIL OF TRUSTEES

All purchases are reported and approved by the Vice President of Finance & Administration to the Council of Trustees. The VP reports and discusses the purchases with the Finance Committee of the Trustees. The Finance Committee recommends to the general body of the Trustees and seeks approval. All purchases, regardless of the amount are approved by the Council of Trustees.

## CONFLICT OF INTEREST

The State Adverse Interest Law, 71 P. S., 776.1 et seq., prohibits employers from being parties to contracts with their employing agencies. Therefore, it is not possible for the University to purchase items from employees, to sell items to employees, to enter into any other contract or arrangement with an employee. Purchases by the University of any good, supplies, etc., from a vendor where a University employee has an active interest, holding, etc., are prohibited.

## INTEGRITY

Purchasing personnel at all times, maintain their integrity of the University by observing strict truthfulness in every transaction, respecting the confidence of each vendor and refraining from any personal obligation to a vendor.

## FAIRNESS

The University's reputation for dealing in a fair and just manner must always be upheld and promoted by treatment of all vendors equally in a competitive environment. The Purchasing Department will work with the vendors and community cooperatively without compromising the University's interests, personal integrity and meet the institution's needs efficiently and effectively.

## PERSONAL GAIN/CONFLICT OF INTEREST

No University employee may use his or her University position to obtain financial gain or anything of substantial value for the private benefit of himself or herself or his or her immediate family. Rebates, free merchandise or future benefits based on

purchases made with the University funds (including Purchasing Card purchases) must be signed over to the University.

## HONORARIA AND CONSULTANT SERVICES

The Purchasing Department asks the departments to send honorarium and consultant service requests to the Purchasing Department at least two to three days ahead of time. The requesting department must allow sufficient time to process honoraria/consulting services to avoid delays. All Service Purchase Contracts over \$5,000 such as honorarium/and consulting services must be sent to the University Attorney for approval. All contracts for services of \$20,000 or more have to be approved by the Attorney General after it is competitively bid.

It is critical to plan well in advance of the department's needs and enter requisitions so as to allow bidding to be done in a timely manner. Departments should monitor requisitions that have been entered and are pending action for prolonged periods. Sometimes requisitions are not processed or converted into a Purchase Order because departments are slow in transferring funds or modify the requisition before it is converted into a Purchase Order. The Purchasing Department may be forced to cancel the requisition to keep things flowing.

In addition, The Purchasing Department needs to obtain the following information:

- Name of the individual
- Address, home phone number
- A W9 Form to be completed and signature of the individual are incurred.
- Brief descriptions of the type of work he/she has done
- If payment is made to an agency, the name , address, phone and fax numbers of the agency
- Brief description and on the Service Purchasing Contract it is required to have President/or Vice President, Treasurer/or Secretary of the organization.
- The requesting department is responsible for verifying that there are sufficient funds available to pay for the requested services.

## PRINCIPLES AND BEST PRACTICES OF PROCUREMENT

The Purchasing Department will adhere to the Commonwealth of Pennsylvania Procurement Code (Act-57 of 1998) and objectives and requirements. Also, give serious consideration to do business with the community vendors (within the applicable law). Whenever possible, community understanding and extra effort are done to encourage local vendors to do business with the University. We will strive to procure goods and services from the local vendors whenever the purchases are below the competitive threshold requirements.

The following principles and best practices are employed for the procurement of goods and services:

- The maximum value for each dollar expenditure is sought through the competitive bidding process.
- Pursuing cooperation and collaboration with other universities and public agencies to maximize value.
- Adequate documentation is required for a review by the Auditor to establish “audit trail” in the administration of procurement decisions.
- A clear statement is placed on the “Invitation for Bid” to establish the University’s needs for goods and services.
- The Purchasing Department will actively seek Minority/Women Business Enterprises (WBE/WBE) and small and disadvantaged businesses consistent with the University’s mission and goals.

## AUTHORITY

The University President and his/her designees are the only individuals authorized to procure goods and services, suppliers and construction that can enter into contracts. The Vice President for Finance and Administration, or his designee as the “Contracting Officer” is the only individual authorized to sign contracts for the University.

Under the Pennsylvania Law, Act 188, the President and Council of Trustees have been empowered to make all necessary purchases to conduct the daily operations of the University. The President has delegated the purchasing responsibility to the Vice President of Finance and Administration. In turn, functional authority has been vested with the Purchasing Department.

The following University employees are authorized to exercise presidential contracting officer authority under the provisions of the Act. 57 of 11998 and the Board of Governor’s Policy 1994-04 (see Attachment A).

It is the contracting officer’s responsibility to ensure that the provisions of the Commonwealth Procurement Code (Act 57 of 1998) and State System of Higher Education Procurement policies are followed. Purchasing authority has been delegated to the Purchasing Office. No other office or department of the University is authorized to purchase goods, services, or supplies for the University.

**NO OTHER PERSON OR DEPARTMENT HEAD HAS BEEN GIVEN THE AUTHORITY TO SIGN OR OBLIGATE THE UNIVERISTY BY ENTERING INTO ANY CONTRACTUAL AGREEMENT ON BEHALF OF THE UNIVERSITY OR ANY SUBDIVISION THEREOF.**

## BIDDING REQUIREMENTS

### **Greater than \$19,100**

Advertising and competitive bidding process is required. As a public university and member of the Pennsylvania State System of Higher Education (PASSHE) certain bidding requirements are either mandated or have been adopted as a good business practice. Under ACT 57, Pennsylvania law dictates that bids will be solicited for all purchases exceeding \$19,100.

Serial purchasing is defined as making multiple purchases of the same item or service from the same vendor in an attempt to circumvent the bidding requirements. If the Purchasing Department suspects serial purchasing they will stop the purchase and contact the department for further clarification.

### **Exceptions to Competitive Bidding**

Competitive bidding is not required for commodities or services purchased from commonwealth contracts, commonwealth warehouse, PASSHE contracts, through public agencies such as PIBH, or other commonwealth agencies.

Sole Source procurement will be considered if one of the following conditions exist:

1. Only a single vendor is capable of providing the goods, service or construction item.
2. It is clearly not feasible to award the contract for goods and services on a competitive basis (e.g., service for guest lecturers, artists, musicians)
3. A federal or state statute or regulation exempts the award of the contract from the competitive bidding process.
4. The services involve the repair, modification, or calibration of equipment, and they are to be performed only by the manufacturer.
5. The contract for supplies or services is in the best interest of the Commonwealth.

The Sole Source form must be completed with justification and approved by University Legal Counsel.

Emergency Purchase - When goods or services must be obtained on an emergency basis, and Emergency Contract Certification form must be completed with justifications and approved by the University Legal Counsel.

### **Purchases from \$10,300 - \$19,100**

For goods and services between \$10,300 and \$19,100, three informal quotations are required. This process may include obtaining telephone, fax, internet or other electronic price quotes. Quotes must be submitted to the Purchasing Department.

### **Purchases less than \$10,300**

For goods and services less than \$10,300 no advertising or competitive bidding is required. While bidding is not required for procurement needs at this level, University departments are encouraged to solicit quotations, take advantage of volume discounts, and use other techniques to obtain the lowest possible prices in relation to the value received.

## **EMPLOYEE REIMBURSEMENTS**

Employee reimbursement is utilized when necessary. This is done in a practical and more expedient ways. An employee may pay for an allowable expense, and then be reimbursed directly upon submission of necessary documentation. Examples include reimbursement for business meals, postage, items purchased at seminars and small supply purchases. The reimbursement request and receipts should be sent to the Accounts Payable Department.

Vendors can request to be added to a vendor data bank by sending emails and letters. The University accepts all requests to be listed on the vendor data bank. The Purchasing Department will check references before an award is made. If a vendor is on a debarred list of the Department of General Services the award is not made. All applicants from a diverse groups of small businesses, persons with disabilities, and minority and women owned business are welcomed.

## **CONSTRUCTION PROCUREMENT**

The Construction Program is applicable to all new construction, maintenance, repairs, alteration, or improvements to existing structures. The Construction Program requires the participation of minority and women owned business (MBE/WBE) that is certified by the Department of General Services (DGS) and accepted by the Construction Support Office, Chancellor's Office. Contractors may also submit other minority and women owned businesses that other states have certified or by other duly constituted public bodies. MBS/WBE provisions of the regulations are unique to the State System of Higher Education Contracts. It is expected that responsive responsible bidders must proactively make a reasonable effort to seek and incorporate minority/women owned businesses. Failure to do due diligence may disqualify them from participating and being awarded the business. The Director of Purchasing/Contracting Specialist will review the documentations to make sure it complies with PASSHE's Construction rules and regulations.

Tax Reform Code of 1971 (the Code), as amended.

When a contractor is working on a Commonwealth Pennsylvania Construction Contract the Tax Reform Code of 1971 provides a sales tax exemption on the purchase of different equipment. The contractor has to get the Certificate of Exemption of Sales Tax from the Commonwealth Pennsylvania Revenue Department.

## REMOVAL OF VENDORS FROM DOING BUSINESS WITH THE UNIVERSITY

The University has the right not to do business with a vendor with a poor performance history. The University must have the documentations to prove that the vendor has failed to do its business in accordance to the policy and terms of the contract. The University may be able to exclude a vendor from participating in a bid or not to award the contract when and if the vendor has submitted the lowest price on a bid. The matter is usually referred to the University Legal Counsel for opinion before a decision is made.

Also, vendors that have been barred by the Commonwealth of Pennsylvania for reasons of not paying taxes and that are on the debarred lists of the State Department of General Services may be refused to be awarded a contract by the University.

## BID WITHDRAWALS

Opportunities are given to a vendor to withdraw his or her bid upon a written notice at any time prior to the date and time the bid is opened. However, if the vendor doesn't submit a written request before the date and time as specified on the bid package, the University has the option not to give consideration of releasing the vendor from his/her obligation.

There is another situation that a bid could be withdrawn. A contractor could make mistakes in submitting a quote when he or she submits a bid. This situation may include clerical mistakes, unintentional arithmetic error, and the omission of a substantial factor that affects the quality of work, labor, materials or services made directly in the compilation of the bid. A release and supporting evidence must be received by the University Contract Specialist within two days after the bid is opened.

## ADVERSE INTEREST LAW

The Adverse Interest Law prohibits any Commonwealth employee (including PASSHE employees) from contracting with the University or being an employee, stockholder, director or agent or any entity contracting with the University. Nevertheless, the employee may enter into a contract with the University and/or be employed by such a contractor if the contracting employee and/or the employed person is not on the University payroll during the contract period.



## ALCOHOLIC BEVERAGES

Alcoholic beverages may not be purchased with public funds without proper authorization. **Expenditures of Public Funds Guidelines, Standards, and Limits**

### Section III

#### Item I

##### I. Alcohol

The purchase or reimbursement of alcohol, under all circumstances, is prohibited, with one exception: alcohol may be purchased when it is a necessary and integral part of the curriculum of an established academic program, such as the culinary program at Indiana University of Pennsylvania.

## ANIMALS

The purchase of animals for use in research or in teaching should be consistent with the National Institute of Health grant guideline to avoid cruelty to the animals.

## CONFLICT OF INTEREST

Purchasing personnel must avoid even the appearance of a conflict, such as transactions involving friends, family connections and/or your personal investments. Employees are to avoid receiving gifts or presents from a sales person which is trying to sell goods and services.

## CONSULTANTS

Consultant Contracts are those that provide services not generally available for employees of the University. The services provided are usually of a “one-time” nature and results or outcomes of the work to be performed may not be known in advance since they usually result in a report conveying advice or recommendations to meet University objectives. (i.e. performers and speakers are not consultants.)

Consultants are subject to specific regulations under the provision of Act 188 and Board of Governors Policy. Upon receipt of a requisition, the Purchasing Department will prepare a consultant contract for signature by a consulting firm/person with instructions that the signed contract is returned to the Purchasing Department.

## BID PROTESTS

Act 57 of 2002 gives a vendor/contractor the right to file a bid protest and complaints if they think that they are not treated fairly in the solicitation and awarding of a public contract. Bid packages issued by the University contains a notice as to filing a Bid Protest section with detailed bid protest procedures.

## RESOLUTION OF CONTRACTUAL DISPUTES

When a controversy arises between a contractor and the University due to breach of a contract, mistake, misrepresentation and or other causes, a claim must be filed in writing to the Contract Officer. The Contract Officer has the authority to investigate and try to settle the disputes. However, all settlements must be referred to and reviewed by the University Legal Counsel. Any such proposal or settlement must come from the University Legal Counsel, Office of the Chancellor.

## CENTRAL STORES

Most of the incoming deliveries come to the Central Stores at the Brooks Maintenance Building. All shipments of goods should be checked by the Storeroom Clerk immediately upon receipts verifying the correct item(s) has been shipped and to determine that the goods are not damaged. Even when shipment is received in another location, the damaged information should be reported to the Storeroom Clerk of the Central Store. A return material authorization (RMA) should be supplied with the original packing so the Storeroom Clerk can expedite the return of the shipment. Purchase Order number and vendor name should be among the detail information that needs to be furnished to the Receiving Department. The department should immediately communicate with the vendor directly for the purpose of reporting.

The following services are provided by the Central Store:

- United Parcel Service (UPS) –the Central Store will ship-out packages using UPS express service.  
It requires that the package must weigh less than 150 pounds and width must be 108 inches. The package must have a definite street address (post office box numbers are not acceptable as an address.)
- Federal Express is another service that the department provides. Departments may open an account with FedEx with the knowledge of the Central Store. There are shipping boxes located in the Receiving Department where packages that need to mail can be dropped. Packages are picked-up every afternoon between 4-5 PM. If you have questions regarding these services, get in touch with the Storeroom Clerk.
- Warranty Repair: Goods which are not under warranty are shipped to outside sources for repair. The department may be required to pay for shipping to and from the company.
- Warranty Replacement: Defective goods are shipped to outside sources during warranty period for replacement at no charge. The department may be required to pay for shipping to and from the company.
- Credit or Refund: Goods that do not meet the requirements of the owner are shipped to outside sources. The University may be required to pay shipping and restocking charges depending on circumstances. The company will then issue a refund or credit against the original invoices.

- Repair Estimate: Non-warranty repairable merchandise is shipped to outside sources from an estimate of repair charges only. Once the estimate is determined and approved, the Purchase Order will be processed to cover all applicable charges. The department is required to pay for both shipping and repair charges.

The Central Store/Shipping Department should be consulted when the department has special handling and routine shipments. For pickup services, call extension-4910 and provide the information on the item that needs to be shipped.

On the other hand, nothing should be shipped back without providing the information to the Purchasing Department. The Purchasing Department will act on the behalf of the department to make sure the vendor honors the terms and conditions of the Purchase Order.

## PERSONAL PURCHASES

When employees are allowed to purchase computers and other items and get a special discount and other consideration they have to be careful that they don't use the tax-exempt status of the University. They have to use their own personal check and mode of payment and are subject to the State Tax. The Purchasing Department will be happy to suggest possible sources that may offer education discount.

## PREPAYMENT OF PURCHASES

Sometimes it is necessary to make prepayment for items or send payment with the Purchase Order. This is true for U.S Government, state and other agencies. The prepayment is common on the purchases of membership fees, registration fees, professional fees and subscriptions.

Departments must clearly indicate this on the requisitions with the description of items required, price catalog number (if it is applicable), and the exact name and address of the supplier. At the end of the information, please indicate by typing "Prepayment is required" and also attach any supporting evidence and registration forms that need to accompany the Purchase Order and payment.

## RADIOACTIVE MATERIALS

No Purchase Order for radioactive materials and/or supplies may be processed without written directives from the department on the question of safety. The department should attempt to involve the Safety Officer of the University before anyone is allowed to handle the material.

## GRANTS (RESTRICTED FUNDS)

Grant funds are limited to a specific project and they are designated as “restricted funds”. Some people have the notion that the grant funds that they have acquired is not subject to the University regulations. As soon as the fund is accepted by the institution, it becomes subject to all the rules and regulations of the University. All expenditures of the grant are subject to the competitive bidding requirements.

The State Attorney General’s Office has interpreted not to recognize any exclusivity and sole source award for Purchase Orders. All requests for consultants and other services that exceed prescribed dollar limit must be publicly bid by the Purchasing Department.

## GRAPHIC DESIGN/PRINTING

All requests for graphic design or printing of books, brochures, flyers, poster, business cards, stationery and virtually all types of publications and printing matter must be first referred to the Director of Publications.

However, there are printing works that may not be referred to the Publication Department. The Purchasing Department will help in clarifying what needs to be referred to the Publication Department or not.

## INSURANCE

Under the Commonwealth of Pennsylvania Law, the Department of General Services (DGS) is the sole authority for insurance coverage for all State Agencies. The Commonwealth is self-insured and the insurance certificate can be obtained from the Purchasing Department.

The question of insurance coverage may be referred to the Purchasing Department and the Controller’s Office.

## LEASING EQUIPMENT OR VEHICLES

Equipment or vehicles that are leased will be covered by a formal Purchase Order or contract. In the case of equipment, the department concerned must clearly mark the requisition as “lease equipment” and specify and attach the lease document with the requisition. Lease agreements must be reviewed by the Director of Purchasing before they are accepted.

Employees are encouraged to purchase insurance when leasing vehicles. The University has a leasing agreement with “Enterprise Rent A-Car Company”. Employees/and qualified students are covered by the State Insurance while operating a University vehicle. Students must have a valid license when operating a University vehicle.

The Purchasing Department strongly recommends that insurance coverage be purchased and incorporated with the rental fees. The Commonwealth Insurance does not cover a leased or rental vehicle.

## DAMAGED SHIPMENT

When a damaged shipment is received the Central Receiving must immediately inform the department. If the damage is not evident or not detected at the time of delivery, it is necessary to inform the carrier immediately. Within fourteen (14) days of a damaged shipment inspections are due by the carrier.

It is extremely important that all containers, packaging material, wrappers, etc. be retained for the carrier's inspection. Failure to keep this material will, undoubtedly, void any chance of obtaining claims. Central Receiving handles all shipping claims.

## DORM RESERVE

The PASSHE Board of Governor's Policy and Legislative Act 188 shall govern all purchases from the Dorm Reserve Fund. The Associate Vice President or his/her designee must approve all requests from this fund. Purchase Requisitions must be sent to the Purchasing Department for input into the Dorm Reserve Accounting System. The Purchase Department will ensure that all appropriate policies and procedures are followed for purchases from the fund.

## SURPLUS PROPERTY

The inventory control and surplus properties are the responsibilities of the Director of Purchasing. Whenever a department has surplus equipment, or that needed to be disposed of, the department manager should send an email to the Purchasing Director or try to get in touch with the Director by dialing extension 4980. If the surplus item is too heavy or big to move, then the department should send a "Work Order" to the Physical Plant Department for the maintenance personnel to move it to a designated surplus storage area.

Surplus properties may be given to another department to be used. If it is determined by the Director of Purchasing or his designee the surplus is deemed as junk, it is disposed of immediately. Otherwise, the surplus is placed in storage and disposed of through "Public Auction". Again, the University may offer the surplus property to schools, churches and non-profit entities. It is required that the nonprofit organization must solicit their request in writing with non-profit "Identification Number".

The University will advertise in the local paper when surplus properties are being disposed through "Public Auction". Some surplus properties are placed on an invitation to bid and a sealed bid is solicited and is awarded to the most competitive bidder. The revenue that is earned from such public auction and invitation to bid is put into the general fund of the University.

The Storeroom Clerk will produce a complete list of the surplus items and this is communicated to the auctioneer. Each surplus item is numbered and identified and the sales ticket is reconciled to make sure things match to the sale done at the auction.

The State Adverse Interest Law, prohibits the sale of surplus property to any University employee, when the value of the property is over a \$100 or greater. The auctioneer will advertise in local papers the time, place and location where the auction will take place.

## TAXES

The University is exempt from all Pennsylvania Sales Tax except lodging. However, any contractor doing business with the University remains liable for the payment of sales and use tax on all purchases. The University may provide Sales Tax Exemption Certificates. The Sales Tax Exemption Certificate may be obtained from the Purchasing Department.

## EMPLOYER/EMPLOYEE AND INDEPENDENT CONTRACTOR RELATIONSHIPS

The Internal Revenue Service (IRS) has clearly defined employer's contracting relationships. IRS rules don't allow the treatment of employees as contractors that bypasses employment regulations of social security and withholding and etc...

An individual is considered as an independent contractor when he is not control of the employer (the University) where and how he/she produced work. Thus, anyone who works for the Commonwealth and is engaged in working for the University all his compensations has to go through the regular payroll and payment is produced as a dual employment. If you are not clear on the independent contractor relationships, check with the Purchasing/Human Resources Departments.

## FACILITIES USAGE

All requests for use of facilities by external parties must be made through the Office of the Vice President of Finance and Administration.

## FIXED ASSETS

The Purchasing Department is responsible for the University's properties and the University's inventory of capital equipment. Assets with tangible values that exceed \$5,000 and have a useful value life of 2 years or more are recorded as fixed assets in the inventory reports. These reports are subsequently included in the University's annual financial statements. The values of these assets are depreciated annually and re-recorded on the inventory control reports, in cost accounting, insurance

replacement and proof of loss. The University has made substantial investments by purchasing such equipment and must safeguard its assets.

New assets are tagged when received. Departments are responsible for reporting any changes or transfer of equipment from one area to another.

## TRAVEL

Travel approval request or travel card may be obtained from the Budget Planning Office. See the Budget Planning Web page for further information.

## PURCHASE OF USED EQUIPMENT PURCHASES

Caution must be exercised when requesting to purchase used furniture and equipment. Such transactions are subject to the same competitive bidding process as all other purchases. Competitive bidding is required for such purchases. Strong justification is required before the purchase is made. However, purchases from the eBay website are not allowed. Such purchases don't provide strong recourse when the purchased item is not what it appeared on the web.

## VEHICLE PURCHASES

Request to purchase motor vehicles should be referred to the Purchasing Department. The Purchasing Department will write the vehicle specifications after consulting with the department and ascertain the need. An assessment will be made by the University Garage which maintains and supports the proposed vehicle.

## EMERGENCY PURCHASES

Emergency purchases are allowed only when the health and welfare of the campus community are involved. All "Emergency" purchases must be communicated to the VP of Finance & Administration. If a "Sole Source" purchase is needed, purchasing will fill out the Emergency Certificate form and require a written explanation of the emergency and is submitted to the University Legal Counsel for approval. No action will be taken before legal approval.

In other emergencies regarding maintenance, repairs and construction projects that are not over \$10,000, it is required by the manager of the department to give a written justification regarding the emergency and must have figures on hand and estimated price and fund availability. In addition, prompt submittal of approved requisition is essential so that it may be "thought through". The Purchasing Department will not regard as "emergency" the purchase of supplies. Proper planning should eliminate many rush transactions.

## RECIPROCAL LIMITATIONS ACT

The Commonwealth of Pennsylvania has a Reciprocal Limitations Act that imposes procurement restrictions against purchases from our state, or other states. For

example: If a state prohibits the purchase of a specific product from any other state, Pennsylvania will prohibit the purchase of that same item from the state, which imposes such restrictions. If a state gives their instate vendors a preferred status (e.g. bid percentage allowance), Pennsylvania will reciprocate with a similar limitation against that state's bidder.

## RECYCLED PRODUCTS

The Purchasing Department and the Physical Plan Department actively pursues the evaluation and acquisition of feasible recycled products from campus wide use. The Purchasing Department must insure compliance with prevailing regulations regarding recycled content of designated products, and will notify the department whenever their requisitions must be modified to satisfy such requirements.

## GREEN PROGRAM

The Commonwealth encourages the procurement of energy efficient equipment designed to save money and reduce pollution by eliminating wasted energy. In procuring supplies and equipment, serious consideration and energy efficiency is one of the factors along with prices in the evaluation process. When procuring computers, printers, copiers, fax machines, motor and etc. an energy efficiency evaluation matrix is used.

## EQUIPMENT REPAIRS/SURPLUS PROPERTY

When departments have problems with equipment that need repairs, calls should be directed to the following departments:

- For computer problems/repairs both hardware and software the information help line is 4357.
- For copy machines and the like, call the Print Shop.
- For computers and other assets that need to be disposed as a surplus, call Purchasing Department extension 4910

It is necessary for the department to give a brief summary of the problems, and descriptions of the problem. For inventory control purposes we need information on serial numbers and models of the equipment.

## SAFETY

The Public Safety Office should review all security-safety related requests (such as fire alarms of special locking devices) the Environmental Health & Safety Officer should review hazardous material and general safety items.



## FOOD

Departments must fill the food Service form out accurately with the cost center. It should be noted that expenditures for food must be consistent to PASSHE's Public Fund Expenditure policy dated August 31, 2010.

## ACCOUNTS PAYABLE

All invoices should be sent to the Accounts Payable Department immediately so as to avoid finance charges. The University is not exempt from paying finance charges for late or incorrect payment of invoices. It is important to meet the terms and conditions of payment required by vendors. The Purchasing Department can reject terms or conditions stipulated by vendors that cannot reasonably be fulfilled.

## MISCELLANEOUS

The University President (or the Chancellor of the Office of the Chancellor) may use public funds to purchase floral tributes to be sent on behalf of the University to an employee or his/her family upon the death of an employee.

## EMPLOYEE AWARDS

The University may use public funds to purchase gifts for employees to recognize events of a personal nature as per PASSHE's Expenditures of Public Funds Guidelines.

## PUBLIC FUNDS

Public funds are defined by PASSHE as "All monies received by a PASSHE University of the Office of the Chancellor, including and but not limited to State appropriations, tuition, room, board, and other student fees, restricted and unrestricted gifts, restricted and unrestricted grants, ticket sales from athletic, cultural, or other events; revenue from athletic camps and conferences, corporate sponsorship, and investment income."

## THE USE OF PUBLIC FUNDS

1. The University is prohibited from using public funds to make contributions for political, charitable and community relations.
2. The University may **Not Use** public funds to pay for entertainment services in conjunction with a business meeting.
3. The University may use public funds to purchase small value promotional items, such as lapel pins, pens, candy, key rings, T-Shirts, etc. imprinted with the University's name or logo to be given away in conjunction with the University's marketing plan.

4. The University may use public funds to purchase lunch and/or refreshments for staff retreats, workshops, and training and is approved by the supervisor of the department.
5. The University may not use public funds to augment student government associations, e.g. to provide financial support for a student government association's field trip or other activity, unless the activity is part of the official University's academic or student support program.
6. The University may not use public funds to purchase clothing, makeup, jewelry, and similar personal items for students in conjunction with their participation in activities such as homecoming. Any necessary expenditure for these items must be purchased by the Student Association.

## CELL PHONES

If employees are required to conduct University business away from his/her usual University workplace, a wireless communication device (cell phone) will be issued to accommodate these type of requirements. This request must be approved by the Head/Chairperson of the department. The request form must be signed by the Vice President of the Division. Cell phone policy and the forms can be requested form the Purchasing Department.

## CONTRACT TERMS AND GLOSSARY AS DEFINED TO PROCUREMENT

### **AGREEMENT**

A type of written agreement for procurement purposes; Purchase Order (PO) Service Purchase Contract (SPC) Blue Back and Construction Contract

### **AMENDMENT**

A change or modification required for a contract that has been fully executed. The amendment is a written alteration in specifications, delivery point, compensation payment, and rate of delivery, period of performance, price, quantity, or other provisions of a contract.

### **ASSIGNMENT**

The transfer of a party's rights and responsibilities under a contract to a third (new) party. This is impermissible absent the expressed written approval of the University.

### **ATTACHMENT**

Any and all paperwork and documents that are appended to a contract that are referenced and incorporated within the contents of the main contract as a part of the overall contract.

**BID**

A firm and unconditional offer in response to an invitation for bids.

**BIDDER**

A person that submits a quote (Bid) in response to an invitation for bids.

**BID DOCUMENTS**

A formal written document by a contractor as to anything involving bidding or the award of a contract.

**BLUE BACK CONTRACT**

Formal written contract on pre-approved forms are referred to as "Blueback". The name comes from the traditional blue paper which is used by attorneys to bind the papers together. The contract is a complex and detailed contract.

**BOARD OF CLAIMS**

A Commonwealth entity which has exclusive original jurisdiction to resolve contract disputes in excess of \$300 which involves Commonwealth agencies.

**COMPETITIVE BIDDING**

A required procurement method of issuing an invitation to bid on a set specifications contract terms and conditions, which bidder must meet to be eligible for consideration of contract award.

**CONTACT PERSON**

The University employee charged with the day to day supervision of the delivery of a supply or the performance of the services or construction and who interacts with the contractor.

**CONTRACTING OFFICER**

Authorized person who enters into contracts on behalf of the University and has a written authority to do so. The delegation of the authority may come from Act 188 or Act 57.

**CONTRACT MODIFICATION**

A written alteration in specifications, delivery point rate of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual action of the parties to the contract.

**CONTRACT PURCHASE ORDER**

A written authorization from the University for a contractor to proceed to furnish a supply, services, or construction item in accordance with a statewide requirement.

**COSTAR:**

Commonwealth of Pennsylvania's cooperative purchasing program administered by the Department of General Services (DGS) Bureau of Procurement. The COSTARS Program provides registered local public procurement units as well as state affiliated entities (together "members") and suppliers a tool to find and do business with each other effectively through the use of a contract established by DGS.

**DEBARMENT**

The exclusion of a contractor from eligibility of Commonwealth contract awards as a result of a finding of substantial evidence of impermissible business practices.

**EFFECTIVE DATE**

A date fixed by the contracting office which is after the date the contract has been fully executed by the contractor and by the University and all approvals required by the Commonwealth contracting procedures have been obtained. The contract shall not be a legal and binding contract until after the Effective Date is affixed and the contract is sent to the contractor.

**EMERGENCY CONTRACT**

Procurement made without formal bidding, even if greater than a small procurement, due to the fact that there exists a threat to public safety, health or welfare or circumstances outside the control of the University. This thereby created a need, which does not permit the delayed method of formal competitive bidding methods.

**EXECUTION**

The signing of a contract by a person with contracting authority.

**EXPIRATION DATE**

The date on which a contract expires. The last date when work to be billed under the contract can be performed.

**EXTENSION OF CONTRACT**

The continuation of an existing contract, with the same contractor, which is due to expire and does not provide for an option to renew.

**FIRM, FIXED PRICE CONTRACT**

A contract where the total amount to be paid to the contractor is fixed and is not subject to adjustment by reason of the cost experience of the contractor. The term includes contracts where the unit price is set but the total price varies because actual quantities purchased deviate from the quantities estimated to be purchased. The term also includes contracts where the price may be adjusted in accordance with a contract established price adjustment provision which is not based upon the contractor's costs. The term also includes time and material contracts.

**GOODS**

A tangible product or commodity that is manufactured or grown and available through common supply sources. May be in stock or custom fabricated.

**HOLD-HARMLESS CLAUSE**

A statement on the State Contract that obligates one party to not hold a second party liable for any actions, which may be specified and limited.

**INDEMNIFICATION CLAUSE**

A statement in a contract where one party agrees to make another party whole in the event of litigation. This is an impermissible clause where such imposes the obligation upon the Commonwealth.

**INDEPENDENT CONTRACTOR**

A Contractor who performs services under contract who is not an employee of the University.

**INVITATION FOR BIDS (IFB)**

All documents, including those either attached or incorporated by reference, used for soliciting bids from contractors.

**INVITATION TO QUALIFY: (ITQ)**

A pre-approved contractor process and listing administered by the PASSHE Chancellor's Office for technology goods and services.

**JOINT PURCHASING**

When two or more permissible entities such as universities or a university and a another state agency procure goods and services together in the hopes of achieving lower prices as a result of higher volume.

**LEGAL APPROVAL**

The process in which all necessary Commonwealth Attorneys review and sign a contract thereby approving of it's from and legality.

**LICENSE**

Permission or authority to use personal property for specific purposes without possessing title to, or any interest in, the property itself.

**MEMORANDUM OF UNDERSTANDING (MOU)**

A written understanding of goods and services provided between two Commonwealth agencies that come under the authority of the Office of General Counsel.

**MULTIPLE AWARDS**

The awarding of a contract to two or more contractors.

**MULTI- STEP SEALED BIDDING**

A two-step procurement process first requesting the submission of priced offers followed by the submission of bids to a then selected procurement description.

**MULTI-YEAR CONTRACT**

A contract for supplies, services, or construction whose term covers more than one Commonwealth fiscal year.

**NOTICE TO PROCEED**

Written authorization from the University's Purchasing Office to the contractor to perform the services or construction specified in the contract. The notice to proceed cannot be issued until on or after the effective date of the contract.

**NOVATION**

A document between parties, with sufficient documentation, that evidences and confirms another business assuming the responsibilities of another business or the evidence of a name change.

**OFFER**

A person that submits a proposal in response to a request for proposals.

**OPTION TO RENEW**

A provision of the Bid or RFP and included as a provision within the contract which allows the continuance of a contract for an additional time period.

**PENNSYLVANIA STATE PROCUREMENT CODE- SEE ACTS 188 & ACT 57****PEPPM**

Pennsylvania Premier Educational Technology Program, collaborative Procurement Contracts.

**PROPOSAL**

An offer made in response to a request for proposal which may be subject to negotiation and award criteria set forth in the request for Proposal.

**PROPRIETARY SPECIFICATIONS**

A description of the physical or functional characteristics or the nature of supply, service or construction item, including a description of any requirement for inspecting, testing or preparing a supply, service or construction item for delivery which is specific to a contractor either as a result of a patent or copyright.

**PURCHASE ORDER**

Written authorization for a contractor to proceed to furnish a supply or service. A Purchase order constitutes the University's legal and binding acceptance of a contractor's offer.

**PURCHASING CARD**

University credit card issued to an authorized individual for the purpose of procuring necessary goods for the University and paid for directly by the University.

**P-CARD** See Purchasing Card, above.

**QUOTATION** An informal bid or offer from a contractor for goods and services.

**RENEWAL**

The continuing of a contract beyond its original term for another fixed period. The right to renew a contract must be specifically contained in the original contract.

**REQUEST FOR PROPOSAL (RFP)**

All documents, including those either attached or incorporated by reference, used for soliciting proposals.

**REQUIRED PROVISIONS**

Mandatory contract language, which must be contained in all Commonwealth Contracts.

**REQUISITION** A request by a user department to purchase or supply a good or service.

**RESPONSIBLE BIDDER**

A bidder who has the capability in all respects to fully perform the contract requirements and the integrity and reliability, which assure good faith performance.

**RESPONSIBLE OFFER**

One who submits a responsive proposal and that possesses the capability to fully perform the contract requirements in all aspects and the integrity and reliability to assure good faith performance.

**RESPONSIVE BID**

A bid which conforms in all material respects to the requirements and criteria in the invitation for bids.

**RESPONSIVE PROPOSAL**

A proposal which conforms in all material respects to the requirements and criteria in the request for proposals.

**SEALED BID**

A bid whose contents are not disclosed until the bid opening time. Bids are typically submitted in sealed envelopes.

**SERIAL CONTRACTING**

The drafting of multiple contracts under the guise of small procurements for one large purchase of goods or services in order to avoid the formal bidding process. This is impermissible.

**SERVICE** Labor or other action performed by a contractor.

**SERVICES PURCHASE CONTRACT**

Pre-approved STD-278P form that is used for non-complex purchase of services.

**SMALL PROCUREMENT** The purchase of goods and services under \$10,000.

**SOLE SOURCE**

When only one contractor is capable of providing the goods or services needed by the University.

**SPECIFICATIONS**

Description of the physical or functional characteristics or the nature of a supply, service or construction item. It may include a description of any requirement for inspecting, testing, or preparing a supply, service, or construction item for delivery.