



UNIVERSITY POLICY

SUBJECT:	PURCHASING SERVICES	TITLE:	PURCHASING PROCESS		
CATEGORY: Check One	Board of Trustees <input checked="" type="checkbox"/>	Presidential <input type="checkbox"/>	Functional <input type="checkbox"/>	School/Unit <input type="checkbox"/>	
Responsible Executive:	Vice President for Supply Chain Management		Responsible Office:	Purchasing Services & Contract Management	
CODING:	00-01-60-05:00	ADOPTED:	03/20/07	AMENDED:	09/28/10
				LAST REVIEWED: 09/28/10	

I. PURPOSE

To establish guidelines and procedures, and to define the responsibilities of University employees, in connection with the purchasing of goods and services in support of the University’s operations and to ensure that the purchasing process is fair, transparent, and designed to ensure that the University is obtaining quality goods and services at the best possible value and in compliance with applicable State requirements.

II. ACCOUNTABILITY

Under the general oversight of the Board of Trustees, the President shall ensure compliance with this policy and New Jersey State statutory law concerning competitive bidding. The Executive Vice President, Senior Vice Presidents, Deans, Presidents/CEOs of the Healthcare Units, and Vice Presidents shall implement, and comply with this policy.

III. APPLICABILITY

This policy shall apply to all UMDNJ employees in connection with the procurement of goods and services by purchase, lease or otherwise under the authority, or acting on behalf, of UMDNJ.

IV. DEFINITIONS

- A. Requisition – A requisition serves as the document through which employees submit requests for the purchase of goods and services.
- B. Request For Proposal (RFP) – A purchasing document created to provide the most cost effective solution based upon detailed specifications used for soliciting proposals or offers to provide the goods and/or services specified therein. This document is used for high profile, critical procurements that generally exceed a public bid threshold (for amount please refer to <http://www.umdj.edu/purchweb/faq/>), the threshold amount as determined by the Governor every two years.
- C. Request For Quotation (RFQ) – A purchasing document used to purchase items generally under the prevailing public bid threshold. This document contains detailed specifications and is kept simple so a contract can be executed quickly.
- D. Request For Information (RFI) – A purchasing document developed for the purpose of gathering specific information or feedback from vendors pertaining to a product or service. It is not a bidding document.

- E. Goods and services – All goods, products, equipment, supplies and professional or technical services of any and all kinds and types which may be purchased, leased or otherwise acquired by the University.
- F. Bid Waiver – A request to procure a product, professional or technical service for which the dollar amount exceeds the threshold as amended outside the public bidding process. Waiver criteria are governed by N.J.S.A. 52:34-9 and 52:34-10 and include narrow and limited exceptions to the open public bidding statutes enumerated under the UMDNJ Bid Waiver Policy. A bid waiver shall be granted on a one time basis for a specific item from a vendor and for a specific dollar amount.
- G. Blanket Waiver – A blanket waiver is granted for a recurring need and may include multiple items from multiple vendors to be procured within a specific Fiscal Year. It authorizes the University to procure a product, professional or technical service for which the dollar amount will exceed the threshold as amended outside the public bidding process. The Board of Trustees may authorize blanket waivers exclusively for: grant subcontracts, group purchasing organizations, organ transplants, blood products, and outside legal counsel.
- H. Bid Waiver Coordinator – The Bid Waiver Coordinator is responsible for working in conjunction with the requesting department to assist in the preparation of waiver requests, and to review and recommend either approval or disapproval of waiver requests based on state statutes, regulations, and an evaluation of propriety of the waiver of public bid and the necessity for the goods or services to be procured. In the event that the Bid Waiver Coordinator finds that the purchase can be publicly bid, the requesting department will be notified and the procurement will be referred to the Purchasing Services Department.
- I. Purchasing Services - The division of UMDNJ Central Administration responsible for overseeing the procurement of all goods and services for the University.
- J. Contract Management – The division of UMDNJ Central Administration responsible for managing, and overseeing the performance of, all contracts for the procurement of goods and services for the University.
- K. Employees – For the purposes of this policy, “employees” refers to all University personnel including, without limitation, all trustees, officers, faculty, housestaff, attending physicians and staff members.
- L. Conflict of Interest – Conflict of Interest is a divergence between an employee’s financial or other personal interests and the employee’s obligation to abide by principles of good business conduct or applicable corporate policies, such that considerations of personal gain, financial or otherwise, may influence or create the perception of influencing that employee and compromising the employee’s ability to perform his or her responsibilities in an objective an appropriate fashion.

V. POLICY

A. Compliance Requirements:

1. UMDNJ requires all employees to observe the highest possible standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of UMDNJ, each individual must practice honesty and integrity in fulfilling their responsibilities and comply with the University’s Code of Ethics and compliance policies and all applicable laws and regulations.
2. Employees are prohibited from participating in the purchasing of goods or services for UMDNJ with any vendor or vendor’s subcontractor with whom he/she or an immediate family member or a member of their household has a personal interest or that might otherwise create, or create the appearance of, a conflict of interest. A personal interest exists when an employee, an employee’s immediate family member or a member of their household is an employee, partner, shareholder or officer of a vendor; or when an employee, employee’s immediate family member or member of the household receives or

has received in any of the past three years direct or indirect compensation from the vendor.

3. University resources may not be used in transactions of a personal nature for employees and Purchasing Services is prohibited from making personal purchases for private individuals. (Should be looked at.)
4. Vendors will not be reimbursed for unauthorized services performed outside the scope of an agreed upon contract.
5. Employees must only contact vendors when it is consistent with UMDNJ policy, state laws and regulations. Caution must be exercised not to misrepresent the employee's ability to obligate the University. Inappropriate contact with vendors may subject employees to sanctions up to and including termination.
6. Purchase Orders and Requests for Bid Waivers will not be generated to allow work to start prior to proper approvals. Department heads shall be held accountable for unauthorized purchases.
7. Purchase Orders and Requests for Bid Waivers shall not be approved for a vendor that was part of an unauthorized purchase. Rather, the University shall advertise the request for public bid, or if not feasible, seek quotes from competitive vendors.
8. Documentation shall be made and retained pursuant to University Policies, and employees shall provide all documentation concerning purchases to the Office of Ethics and Compliance or the Internal Auditor immediately upon request.

B. Signatories:

1. The President, University Chief Financial Officer, Senior Vice President for Finance or the Vice President for Finance and Treasurer may sign contracts on behalf of the University for the purchase of goods and services in excess of \$100,000.00, and all contracts for the purchase or sale of real property, which have been approved by the Board of Trustees as recommended by the Finance Committee.
2. The Vice President for Supply Chain Management may execute contracts for the purchase of goods and services of less than \$100,000.
3. The Senior Vice President for Finance can reject or award any or all bids in whole or part, as deemed in the best interest of the University. In case of tie bids, the Senior Vice President for Finance shall have authority to award orders or contracts in compliance with the criteria established by State purchasing statute and regulations.

C. Purchases Guidelines:

1. Purchases are to be made from existing University contract sources, including group purchasing organizations, whenever possible. In addition, state sources for contract services should be examined when possible over outside private vendors.
2. All other purchases up to \$2,500 – If a purchase up to \$2,500 cannot be made from existing contract vendors, employees shall make a good faith effort to obtain the lowest reasonable cost and maintain documentation of their efforts and results.
3. All other purchases between \$2,500 and \$10,000 – Requisitions shall be supported by three (3) documented written or verbal quotations from potential vendors obtained by the department or Purchasing Services. Exceptions to this requirement may be authorized by Purchasing Management on a case by case basis.
4. All other purchases between \$10,000 and the prevailing public bid threshold – Requisitions shall be supported by three (3) written and complete quotations from potential vendors solicited by the department or Purchasing Services.

5. All Purchases at or over the prevailing public bid threshold – The University shall advertise for bid all purchases which exceed the prevailing public bid threshold, except as permitted under the waiver of public bidding process. A purchase request may not be segmented for the purpose of circumventing the bidding requirement.

D. Competitive Bidding Guidelines

1. Specifications and invitations for bids shall permit such full and free competition as is consistent with the purchasing of supplies and services necessary to meet the requirements of the University. The competitive process shall not favor one potential bidder over another. A concerted effort must be made in good faith to provide all eleven (11) bidding documents to all prospective bidders through routes that are most likely to reach interested persons to encourage the broadest possible participation from vendors.
2. Bid advertisements shall be placed on the Purchasing Services Website at <http://www.umdnj.edu/purchweb/> a minimum of ten (10) working days in advance of the bid opening in order to permit competitive bidding. Advertising periods shall be extended for more than ten working days for complex purchases as appropriate.
3. Purchasing Services will attempt to secure at least three (3) competitive bids. Bids received will remain sealed and be read at the specified public opening. The University shall notify all bidders and schedule the bid opening date, time, and place. Bid openings may be attended by interested parties.

E. Waiver of the Public Bidding Process

1. Bid waivers shall only be used in limited circumstances and shall only be permitted as outlined in the State bidding laws and the UMDNJ Bid Waiver Policy.
2. Blanket waivers will be approved annually by the Board of Trustees and may not extend beyond June 30th of the fiscal year. Blanket waivers charged to grant funds may not extend beyond the expiration date of the grant.
3. All bid waiver requests shall be approved by the Waiver Coordinator.
4. Following the approval of the Waiver Coordinator, each of the following signatories shall independently evaluate the bid waiver request for the propriety of the waiver of public bid and the necessity for the goods or services to be procured. The following signature approvals are required:
 - a. Unit administrators and the Senior Vice President for Administration for contracts up to \$50,000.
 - b. Unit administrator, the Senior Vice President for Administration, the Senior Vice President for Finance, and the President for contracts valued from \$50,000 to \$100,000.
 - c. Unit administrator, the Senior Vice President for Administration, the Senior Vice President for Finance, the President, and the Board of Trustees for contracts valued over \$100,000.
5. After steps 3 and 4, above, all waiver contracts must be approved first by the Finance Committee and then, upon the recommendation of the Finance Committee, by the Board of Trustees.

F. Supplier Diversity Program

As part of its Supplier Diversity Program encompassing small businesses, the University is committed to actively and affirmatively seek a diverse group of vendors, including relationships with small, minority and women-owned businesses. The goal is to ensure that a twenty-five

(25%) portion of the University's total purchases for construction, goods, equipment and services is placed with these businesses. This purchasing policy will be guided by provisions in the University policy, Supplier Diversity and Vendor Development, 00-01-55-65:00.

G. State Contracts

All departments are encouraged to utilize available State contracts. The New Jersey State Purchase Bureau solicits bids for a variety of products and services for use by public agencies. A current index of State contracts is available at the Purchasing Services web page: www.umdnj.edu/purchweb and go to the "For Employees" section and click on "Contract Information". Then click on "UMDNJ Contracts". State Contract links are part of the list provided.

H. Emergency Purchases

1. Emergency requisitions are to be made in cases of urgent need, such as to keep vital equipment operative, to prevent deterioration of an experiment, eliminate a life safety hazard, or to meet patient care requirements. The emergency contract must be limited to purchasing only those products or services necessary to mitigate the emergency situation. Failure to appropriately plan procurements does not constitute an emergency.
2. Purchasing Services will assist departments in every way possible to secure goods and services when an emergency need exists. Purchasing Services Management shall authorize emergency requisitions.

VI. RESPONSIBILITIES

All employees are responsible for ensuring that the purchasing process is fair, transparent, and that the University is obtaining quality goods and services at the best possible value and in compliance with all applicable State requirements. Additionally, specific responsibilities are assigned to the departments outlined below:

A. Purchasing Services is responsible for:

1. Monitoring all purchases of equipment, services, or supplies for UMDNJ.
2. Rejecting any requisition for any item that is in violation of University policy, State law or regulation.
3. Posting, advertising and employing a competitive process for all purchasing contracts.
4. Ensuring the integrity of the open public bidding process through the development of predetermined, objective evaluation criteria; appointing independent members of evaluation committees; providing equal access to information to all potential bidders; and encouraging the broadest number of potential bidders possible.
5. Coordinating all communications with potential bidders, maintaining records of all communications, appropriately securing sealed bids and bid information, and ensuring that any information that would provide a competitive advantage to any one bidder remains confidential.
6. Assisting departments with the development of bid specifications, preparing RFI's, RFQ's and RFP's as appropriate.
7. Communicating with vendors exclusively to protect the integrity of the open public bidding process.
8. Ensuring that purchases are made from vendors compliant with Chapter 51 (formerly Executive Order 134), State Affirmative Action rules, Ownership Disclosure requirements, business organization registration requirements, the Healthcare Insurance Portability and Accountability Act (HIPAA), and other requirements as applicable.

- B. The Contract Management is responsible for:
1. Managing all publicly bid contracts and related records of all purchases at and over the prevailing public bid threshold.
 2. Monitoring, as and when feasible, the performance of the contractor under contracts for goods and services to be received or performed over a period of time, such as contracts calling for ongoing performance of professional or technical services or for the periodic delivery of goods and services.
 3. Ensuring contract requirements are satisfied and goods and services are delivered in a timely manner.
 4. Authorizing payments consistent with the contract terms and protecting the financial interests of the University.
 5. Resolving contract disputes in a timely manner.
 6. Maintaining all records.
 7. Assessing vendor's performance prior to renewal of contracts.
- C. The Office of Legal Management is responsible for review of terms and conditions of contracts, amendments to contracts, and waiver requests for form and legality to safeguard the University's interests.
- D. The Waiver Coordinator is responsible for reviewing and approving bid waiver requests, assuring that all requisite justifications have been secured to facilitate reviews by others and maintaining a log or file of those waiver requests that have been recommended for approval and those that are disapproved.
- E. The Vice President for Information Services and Technology is responsible for ensuring systems compatibility and for approving all requests for rental or purchase of data processing or telecommunications equipment, software, or services.
- F. Unit managers are responsible for reviewing and approving requisitions prior to submission to Purchasing Services.
- G. Business Managers and/or the Grants and Budget Officers are responsible for verifying funds availability of funds before a purchase requisition is processed.

By Direction of the President:

Signature on file

Vice President for Supply Chain Management