

Policy No. 503

Area: Business Services

*Original signature is on file in
the Office of General Counsel*

Adopted: September 18, 1998

Certified by _____

Dr. Morakinyo A.O. Kuti
University President

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Subject: PROCUREMENT POLICY

- A. All University procurements must follow this policy and must be accomplished through a competitive selection process under Procedure 503.3, except as provided herein. Competitive selection is a fair and open process free from collusion and apparent conflicts of interest, and is utilized to establish best prices, select qualified vendors and stay abreast of alternative equipment and materials. The procurement of equipment, materials, supplies, goods, and services shall be awarded to the lowest, and responsive bidder as defined in ORC 9.312 and be in accordance with applicable laws and the University's policies and procedures.
- B. Prior to any procurement (including procurement cards and requisitions), the purchaser must obtain authorization for the procurement. Such authorization is obtained from the person or persons having fiscal budgetary authority for the purchaser's department (and with approved dollar thresholds), and from the Board of Trustees as applicable. Regardless of the procurement method utilized, the purchaser is responsible for ensuring that authorization has been obtained, that funding is available and if utilizing grant, contract or outside sponsored funds, that purchase is allowable as per the sponsoring agency. If a purchaser proceeds with a purchase prior to receiving the appropriate authorization, the purchaser shall be held personally liable for the purchase pursuant to ORC Sections 3.12.
- C. Regardless of funding amount or source, all employees authorized to conduct purchasing activities must adhere to the procedures as defined in the University's policies.
- D. Purchaser Requirements and Unauthorized Purchases:
 - 1. Conflicts of Interest. The University has a formal conflict of interest policy. During an employee's participation in procurement-related activities, all apparent or potential conflicts of interest, direct or indirect personal or financial interests, and/or service on a board of directors or advisory council tied to any supplier or potential supplier must be fully disclosed to the Director of Business Services prior to commitment of funds to a specific supplier.

The University will not enter into contracts for the purchase of materials or services when the seller is an employee of the University. Acquisitions from a business in which an employee has an interest are prohibited unless full disclosure of the

background facts are presented in writing. Interest is deemed present if the employee and/or his or her spouse or minor children own ten (10) percent or more of the assets of a business. Without the written approval of the President, the University will not enter into contracts for the purchase of goods or services of ex-employees of the University unless the ex-employee has been disassociated from the University for a period of at least one-year.

For federally funded purchases, no employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. Refer to Procurement Manual for specific information.

2. Purchases by individuals for University use whether by cash, check, or by credit without the issuance of a purchase order are strictly prohibited. The purchaser will not be reimbursed and shall be held personally liable for any expenses incurred
 3. Materials and supplies which are purchased for use in University activities are not to be resold by individuals. Should it become necessary for resale of any commodity, such resale is permitted only through established channels.
 4. Purchases for personal use through the Purchasing Department or in the name of the University are prohibited. The use of Logistics for personal purchases is also prohibited.
 5. Occasionally imported products will be offered for sale at prices substantially below their true market value, and sometimes below the wholesale or distributor cost. Often these items have been imported through channels other than those authorized by the manufacturer. Purchasing these items from so-called "grey market" distributors carries risks not normally associated with purchasing from established vendors who use legitimate sources. In light of these risks and the nature of this form of distribution, the Purchasing Department will not authorize this type of purchase. Individuals making such purchases will not be reimbursed.
- E. Quotes or proposals (collectively "quotes") are required from vendors to ensure best price and value to the University. Purchasers must request quotes according to the price points stated below and require each vendor to quote on the same goods or supplies to ensure comparisons are fair and equitable.
- F. The following purchasing thresholds and guidelines shall be followed by the purchaser prior to submitting an electronic requisition for a purchase, including the purchase of

printed material per ORC 3345.10. These thresholds shall not be circumvented by the purchaser by splitting a transaction into multiple smaller transactions.

1. For purchases from \$1 - \$1,000: At least one (1) quote is required. Quotes may include advertisements and on-line information.
 2. For purchases from \$1,001- \$4,999: At least two (2) quotes are required. Quotes may include advertisements and on-line information.
 3. For purchases from \$5,000 - \$25,000: The purchaser will attempt to solicit three (3) written quotes. If three (3) written quotes are not available, justification documentation must be submitted with the electronic requisition. Justification documentation shall include the purchasers' attempt(s) to obtain three (3) written quotes.
 4. For purchases of \$25,000 and above: The purchaser will utilize a competitive selection process pursuant to Procedure 503.3 to obtain a minimum of three (3) written quotes. If three (3) written quotes cannot be obtained, justification documentation must be submitted with the electronic requisition. Single or sole source procurements may be evidenced through a competitive process but are not considered a competitive selection process on their own.
- G. Planning Time: Advance planning is critical to the proper and accurate preparation of a purchase order. Requisitions are processed in the sequence in which they are received. The University maintains an electronic record of every requisition received.
- H. Professional Services: Professional services purchases are subject to the same policies and considerations as those of any other purchase. All professional services purchases must include a detailed statement of work. When engaging individuals rather than firms, an "Independent Contractor versus Employee" evaluation is required in accordance with Procedure 503.1. Purchases of professional services involving construction, such as consulting engineers, architects, designers, etc., must also follow any applicable processes and receive all required reviews from the Ohio Facilities Construction Commission and the Ohio Attorney General, as applicable, in accordance with Procedure 503.2.
- I. Capital Projects: Purchases of capital projects must be made pursuant to Procedure 503.2.
- J. Printed Material: Purchases of printed material must be made pursuant to Procedure 503.4.
- K. Formal Solicitations: For purchases of a complex nature, determined by type of goods, installation, special terms and conditions, etc., the Purchasing Department may designate the purchase as requiring formal solicitation conducted by the Purchasing Department pursuant to Procedure 503.3.
- L. Alternate Items: Solicitations may allow bidders to offer alternates for the specified items. This practice often is to the advantage of the University by offering unknown products at

competitive prices that still meet the requirements of the purchaser. In the event that a lower cost item is bid other than specified, it is the responsibility of the bidder to prove that the alternate bid meets all of the specifications set forth in the solicitation pertaining to suitability and function to the satisfaction of the purchaser. If lower cost alternate items are not acceptable to the Purchasing Department, the department may require a memorandum from the purchaser.

M. Awarding the Competitive Selection: The University will award all competitive selections pursuant to Procedure 503.3.

N. Contract Review and Approval: Prior to University signature, all contracts, including lease agreements and license agreements, and in instances where a quote includes terms & conditions for the University must be approved by the Office of General Counsel pursuant to Policy 505 and one of the following: the President or the Vice President for Administration and Finance.

O. Waiver of Competitive Selection: Competitive selection requirements may be waived for the purchase and/or lease of equipment, materials, supplies, goods, and services in the following instances:

1. The Vice President for Finance and Administration has determined that an emergency exists requiring a waiver to be memorialized in writing by form. An emergency is defined as an incident, whether natural or human-caused, that may have caused or is likely to cause immediate responsive action to protect life or property;
2. Whenever, in the judgment of the VP for Finance and Administration of the University, it is deemed impossible or impractical to obtain more than one bid because the product is a used item, a single source item, an emergency purchase or for any other sufficient economic reason; or
3. Whenever General Services Administration (GSA), Inter-University, or State of Ohio contracts are utilized as a source for establishing price.
 - a. Inter-University Agreements: The University participates with the other state-assisted Universities in the Inter-University Council Purchasing Group (IUCPG). The IUCPG competitively bids and establishes firm price agreements with many vendors. When vendors have been awarded a contract as the result of competitive bids, all Universities may take advantage of established prices. Purchasing has the authority to place purchase orders with these preferred vendors under the IUCPG price agreements whenever possible.
 - b. State of Ohio Contracts: On December 4, 1985, Ohio's Cooperative Purchasing Act was signed into law as Section 125.04 (B) Ohio Revised Code. This law allows the University to purchase supplies and services from

the State of Ohio, under the Department of Administrative Services purchasing contracts.

- c. Educational & Institutional Cooperative Services: Educational & Institutional Cooperative Services (E & I), Inc. is a not-for-profit buying cooperative which provides goods and services to its members at the best possible value. The Cooperative is owned by its membership of close to 2000 tax-exempt colleges, universities, prep schools, hospitals, medical research institutions and hospital purchasing organizations. Each supplier maintains that every subcontract shall contain a provision.