

University System of New Hampshire
Financial and Administrative Procedures

Title: PURCHASING POLICY

Procedure: 6-001

Issued By: USNH Chief Procurement Officer

Approved By: USNH Chief Financial Officer

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A. SUMMARY OF ADMINISTRATIVE POLICY

1. All purchases from and sales to external parties will be in accordance with the Purchasing Policies of the University System of New Hampshire (USNH). The policy below covers all purchases except real estate, investments and insurance.
2. Purchases are the administrative responsibilities of USNH's Vice Chancellor for Finance and Administration/Treasurer (VCFA). Under his/her direction all purchases will be made for USNH in accordance with applicable federal and state statutes.
3. USNH Procurement Services will strive to deliver the highest quality of goods and services at the best value when and where needed, through the thoughtful application of:
 - a. Strategic Sourcing
 - b. Procurement Operations
 - c. Contract Management
 - d. Vendor Relationship Management
 - e. Customer Relationship Management
 - f. Policy and Governance
 - g. Best of Breed Tools and Practices
 - h. Key Process Indicators and Analytics
 - i. Continuous Investment in developing skills and improving processes
4. Purchases will be conducted on an open and competitive basis and without favoritism in order to obtain the maximum value. Interested suppliers will receive fair and impartial consideration. Adequate safeguards will be provided to insure that the best interests of our students, the State of New Hampshire and the institutions of USNH will be served by timely purchases of acceptable quality at minimum costs.

5. Purchases not previously budgeted which may substantially affect the cash flow of USNH, purchases which require contracts in a format other than normal purchase orders or contracts, and purchases to be made on a "time" basis (payment over more than one fiscal year) or with a charge for interest require prior approval by USNH VCFA or his/her designee.

B. DETAILED POLICY

1. Delegation of Authority

- a. The Board of Trustees, through the bylaws of USNH, has authorized the USNH VCFA (who is also the Treasurer) to execute all contracts, leases, grants, deeds, negotiable instruments and other legal documents on behalf of USNH and its component institutions. This authorization includes the authority to oversee/administer the purchasing of all goods and services for USNH. The purchase of goods and services for USNH is delegated by the USNH VCFA to the USNH Chief Procurement Officer, (referred to hereafter as the CPO), who is responsible for the operation of the USNH Procurement Services Office. Under stipulated conditions the CPO may delegate responsibilities, in part or in whole, to designated agents. To be valid, delegations must be in writing and on file with the CPO. Said designated agents may not further delegate these responsibilities or authority.
- b. The USNH VCFA, the CPO and his/her designated "agents" are the official USNH contact for its suppliers and are the only individuals authorized to execute purchasing agreements on behalf of USNH and its component institutions.

2. Applicability

- a. USNH Purchasing procedures and the authority to purchase are applicable to all transactions regardless of source of funds.
- b. The Chief Financial Officer of each individual campus may institute more stringent procurement requirements. In some cases, such as under sponsored agreements with the federal government, more stringent rules may be specified when funds are awarded. In these cases, the rules of the funding source apply.
- c. Whatever the source of funds, in no case will purchasing procedures apply which are less stringent than those for USNH.

3. Competitive Procurement

- a. USNH requires competitive procurement to keep costs at a minimum and to give interested suppliers an equal opportunity to provide goods and services to USNH. Non-proprietary specifications giving clear and accurate descriptions of the technical requirements for the material, product or service to be procured should be used whenever possible. Proprietary names may be quoted for information; but they may not be used to limit competition.

- b. The cost of a procurement shall include the total cost, including all the cumulative value of a contract (not including extensions), Shipping/Freight, Delivery and Installation costs as applicable.

4. Procurement Thresholds

- a. Up to \$9,999 (Micro-purchase): Micro-purchases should be awarded using best business practices, and competitive pricing from multiple suppliers should be used as a basis for award whenever possible. From time to time, USNH Procurement may restrict micro-purchases for specific goods or services to certain USNH contracted suppliers.
- b. \$10,000 to \$34,999.99 cost (Small Purchase): Small Purchases require the use of competitive procurement, and require solicitation of at least two (2) written quotations with a preference for three (3). These written quotations must be properly documented prior to the time of purchase. Small purchases may be made using the Formal Procurement process as defined below.
- c. \$35,000 to \$149,999.99 cost (Large Purchase): The CPO has administrative authority over the acquisition of all goods and services over \$35,000. USNH Procurement Services will utilize full and open competitive procurement methods for Formal Procurement, including sealed bids and other methods deemed appropriate, to procure the required goods and services covered by this policy at the best over-all value to the USNH considering quantity, quality, durability, availability, serviceability, and other factors affecting service and use as required.
- d. \$150,000 or greater cost (Strategic Purchase): The CPO has administrative authority over the acquisition of all goods and services over \$150,000. USNH Procurement Services will utilize full and open competitive procurement methods for formal procurement, including sealed bids and other methods deemed appropriate, to procure the required goods and services covered by this policy at the best over-all value to the USNH considering quantity, quality, durability, availability, serviceability, and other factors affecting service and use as required.

- 1. Any procurements utilizing deferral funds, greater than \$150,000 must include a cost or price analysis, an independent estimate prior to receiving bids or proposals and must negotiate profit as a separate element of the award.

5. Procurement Requirements

- a. All procurement transactions must be conducted in a manner providing full and open competition
- b. Applicable USNH Purchases will be made from the supplier submitting the lowest responsive and responsible bid including all considerations such as freight, terms, price, maintenance, life cycle cost, applicable costs of delivery, supplier acceptability (including supplier's past history with USNH and data provided on USNH Substitute

W9 form) and quality of product or service unless, in the judgment of the requisitioner, and with the approval of USNH VCFA or the CPO or his/her designee, if it is determined that the best interests of USNH would not be served by such an award.

- c. In case of identical low, responsible bids, the award decision will be made to the registered New Hampshire supplier if only one; by lot among the registered New Hampshire suppliers if more than one, or by lot among the suppliers if there is no registered New Hampshire supplier.
 - d. Recovered Material: USNH shall procure goods composed of the highest percentage of recovered materials practicable, while maintaining a satisfactory level of competition unless they are not available in a reasonable period of time fail to meet reasonable performance standards or are only available at an unreasonable price.
 - e. Cost plus a percentage of cost and percentage of construction cost methods may not be used for purchases made using federal funds
6. Exceptions to Competitive Procurement
- a. Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:
 - a. The item is available only from a single source (brand specific procurement does not qualify as a single source)
 - b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
 - c. After solicitation of a number of sources, competition is determined inadequate.
 - d. When applicable, a federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity
 - b. Procurement utilizing Group Purchasing Organization Contracts (GPO)
 - a. GPO Contracts that are approved by USNH Procurement Services, are competitively bid and meet the requirements set forth within this policy, may be used for procurements less than \$150,000.
7. General:
- a. Splitting orders: Orders should not be split to avoid the thresholds. Splitting orders is defined as making more than one transaction (through any purchasing mechanism) to the same vendor for the same or similar goods or services (or for the same project), when, if combined, a different competitive process would be required.
 - b. Standing/blanket orders: Thresholds for a standing order shall be determined based on the dollar amount of purchases expected to be made against the order in one fiscal year or for the period of the order, whichever is less.
8. Multi-year contracts (goods or services): Thresholds for equipment and vehicle leases and multi-year contracts of all kinds shall be determined based on the total of the

payments to be made over the term of the contract, including any optional renewal period.

9. USNH Purchasing Documents

- a. Because proper wording in signed documents is the basis for legal consideration of purchasing agreements, all purchases from external sources will be made on USNH prescribed forms approved by the CPO. Nonstandard forms and any additions or deletions to standard forms must be reviewed and approved by the CPO who will consult with USNH General Counsel as needed.

10. Unauthorized Purchases:

- a. Any individual committing USNH funds without proper authorization does so at his or her own financial risk. USNH may consider the purchase to be void and decline to pay the invoice. In such a case, the individual has acted at his or her personal financial risk and the supplier may look for payment from the individual who placed the order.

11. Timely Orders And Emergencies:

- a. Each institution, department or office is responsible for advising USNH Procurement of its anticipated requirements far enough in advance so that the purchasing function can proceed in a timely and orderly fashion.
- b. In emergency situations when the USNH Procurement is not open and when a responsible individual deems prompt action necessary, commitments may be made in the name of USNH within established policy. USNH Procurement must be notified the following working day to explain the circumstances. Documents outlining the particulars relative to the emergency purchase must be included in the notification. USNH Procurement will ensure that the transaction is within policy and was required to meet an emergency need.

12. Use of Campus Facilities:

- a. Campus facilities which provide goods and services will be utilized to the fullest extent whenever beneficial, feasible, economical and practical.

13. Equal Opportunity:

- a. USNH is a federal contractor, and this designation requires that subcontractors and vendors who work with the university comply with Executive Order 11246, Section 503 of the Rehabilitation Act of 1973, Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, 38 U.S.C. 4212, or any other law requiring equal opportunity for disabled persons and other protected veterans. The obligations of suppliers under this act are referenced in USNH's Terms and Conditions.
- b. Further, the equal employment opportunity clauses set forth in U.S. Code: Title 41 - Public Contracts [41 CFR 60-1.4(a), 41 CFR 60-300.5(a), and 41 CFR 60-741.5(a)] are incorporated by reference into all transactions between USNH and its suppliers.
- c. USNH is obligated to notify its suppliers of its equal education and employment opportunity policy.
- d. The USNH is an Equal Opportunity/Equal Access/Affirmative Action employer. The University System is committed to creating an environment that values and supports diversity and inclusiveness across our campus communities and

encourages applications from qualified individuals who will help us achieve this mission. The University System prohibits discrimination on the basis of race, color, religion, sex, age, national origin, sexual orientation, gender identity or expression, disability, veteran status, or marital status. Application by members of all underrepresented groups is encouraged. Hiring is contingent upon eligibility to work in the U.S.

- e. USNH encourages and supports the use of local businesses and businesses owned by minorities, women, and veterans. It is practice to provide these entities maximum practicable opportunities to participate.

14. Policy Review

- a. The CPO is responsible for constantly reviewing Purchasing policies, for recommending changes, and for forwarding requests for exceptions to the existing policies to the USNH VCFA. Any changes or exceptions to the policies must be approved by USNH VCFA, or his/her designee.
- b. The official version of this information will only be maintained in an on-line web format. Any and all printed copies of this material are dated as of the print date. Please make certain to review the material on-line prior to placing reliance on a dated printed version.

15. Surplus

- a. Declaration and Disposal of Surplus Items.
 - a. The disposal of any equipment, supplies or materials with a fair market value in excess of \$500,000 will be carried out in accordance with USNH Board of Trustees policy BOT.VI.C Disposal of Property.
 - b. With a value of less than \$500,000 may be donated to a non-profit agency, sold or transferred to another department within USNH, or sold to the public.
 - c. The sale of USNH Owned real estate is addressed separately under the real property procedure BOT VI.C.3 General Policy on Disposal of Real Property.
 - d. Any item deemed to be of significant interest or having a cash value between \$1000 and \$499,999.99 may be advertised for a special public bid by USNH Procurement. Items with a value less than \$1,000 not disposed of by the above process (donation, transfer, or sale), may be scrapped.

C. ETHICAL PRACTICES AND CONFLICT OF INTEREST

1. Ethical Practices and Conflict of Interest

- a. Individuals purchasing goods and services on behalf of USNH must conduct business in a professional manner, and all qualified vendors must be given an equal opportunity to compete for USNH business.
- b. Purchasing decisions should be made with integrity and objectivity, free from any personal bias or benefit. In addition, employees of USNH Procurements as well as those faculty and staff purchasing goods and services, shall conduct themselves in

accordance with the [Code of Ethics](#) established by the National Association of Educational Procurement.

- c. Employees must not only avoid conflicts of interest, they must also avoid the appearance of a conflict of interest. It is the responsibility of all employees to work to maintain the good name of USNH, to develop and maintain good relations between USNH and its vendors, and to keep in mind that personal contacts form much of the basis for the opinion of USNH by its vendors.
 - d. Employees found to be in violation of the Ethical Practices and Conflict of interest policy will be subject to disciplinary action.
2. Gifts and Gratuities
 - a. USNH employees shall refrain from accepting gifts, gratuities or other tangible personal benefits from vendors. Employees who are responsible for making purchasing decisions, or who are in a position to influence purchasing decisions, shall refrain from accepting gifts, gratuities or other tangible personal benefits from any vendor, for they may be construed to influence such purchasing decisions.
3. Nepotism
 - a. Employees shall not do business in the name of USNH with companies in which they or an immediate family member hold a financial interest, unless full disclosure of the facts of the matter and the employee's financial interest are first made to, and approved in writing by the USNH CPO. Employees who would benefit financially from a given prospective supplier selling goods or services to USNH may not participate in the supplier selection process.
4. Employees
 - a. USNH does not purchase services from its students or employees, except through normal payroll procedures. This includes individuals employed by one USNH institution who are providing services to another USNH institution. Instances may occur when it is in the best interest of the USNH to purchase goods from either an employee or student. The USNH Procurement Office at the campus where the purchase will be made must complete a price comparison prior to granting approval for such purchases. In those instances where an employee or student of USNH has a regularly established business, USNH may do business with that company.
 - b. The following criteria must be met before any such purchase may be made: the business must be registered with the New Hampshire Secretary of State, the nature of the business must be such that it is not related to the work the individual does for USNH as an employee, and the business entity must show that it regularly serves a variety of other individuals or companies not associated with USNH in any manner.

5. Supplier Involvement
 - a. Companies that prepare and furnish complete specifications to be used in a competitive bid shall not be allowed to submit a bid or furnish those items during any initial contract. However, exceptions may be made in the area of developmental work where it is normal to select firms that have done the most advanced work in the field or when the contractor preparing the specifications is acting as an industry representative and is preparing non-proprietary specifications meeting general standards of the trade. In these instances, a company may provide specifications and also bid on a given project. Exceptions may be made by the USNH VCFA, CPO or his/her campus designee when there has been full advance written disclosure of the circumstances.

6. Doing business with Donors
 - a. University System of New Hampshire development efforts provide all prospective donors the opportunity to contribute to the USNH location of their choice. Development efforts are conducted separately and without regard to present or prospective business relationships which the college/university may have with donors. The status of an entity or individual as a past, present or expected future donor to USNH or any of its institutions shall not be considered in, and shall have no effect on, USNH's decision whether or not to engage in a business transaction with the entity or individual. Donations/gifts and purchases of goods/services are separate transactions and may not be co-mingled; each must stand on its own. A USNH college/university may, on a regular or special campaign basis, solicit support from the business community, both individual members of companies and the companies themselves, including businesses that are suppliers to the college/university and businesses that are not.

7. Purchase of Goods and Services for Private Use
 - a. Because USNH facilities and employee time may only be used for purposes related to USNH's mission as an educational, research and public services nonprofit institution, personal purchases or purchases for non-student organizations affiliated in some manner with a USNH institution cannot be arranged. Similarly, a department may not place a personal order for an individual and then have that person reimburse the department. USNH also does not request discounts for these individuals or groups from its contracted suppliers.

8. Kickbacks
 - a. The Anti-Kickback Act of 1986 (41 U.S.C. § 51 et seq) was passed to deter subcontractors from making payments and contractors from accepting payments for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or a subcontract relating to a prime contract. Where applicable the procurement policies and procedures of USNH will recognize the provisions of this Act.