

<b>Applicable Employee Classes:</b> All Florida Tech Employees	<b>Reviewed Date:</b> April 2019	<b>Approved by:</b>  Dr. T. Dwayne McCay, President
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**Procurement Policy**

This policy ensures that the University’s purchasing procedures and processes are in compliance with Federal, State, and local laws and it provides proper stewardship of assets integrity when acquiring goods and services with accountability.

Every employee involved in purchasing must take full responsibility for understanding this policy and all associated purchasing, payment, and vendor management policies and procedures. The Procurement Services within the Office of Financial Services is responsible for overseeing, administering, facilitating, monitoring, and controlling the University’s procurements.

**University Procurement Principles**

Purchasing decisions are business decisions and should be made in the University’s best interest. Those who make purchases for the University should hold themselves to the highest standards of integrity, ethics, and fairness. The University requires those who purchase for it to adhere to the following practices and principles:

**Best Value** – The University’s goal is to spend its resources wisely by continually employing vendors and suppliers who provide the best overall value to the University. Value is the combined benefit provided through the vendor’s price, quality, service, lead-time, delivery, payment terms, after-care, warranty, product compatibility or specifications, and reliability. The Procurement Services and University employees who engage in purchasing should always seek the best value for the University.

**Tax Exempt Status** - Florida Institute of Technology is a private, not-for-profit institution, and is exempt from Sales Tax within the State of Florida. As a non-profit educational institution, FIT may also realize Sales and Use Tax exemptions in many other states. The Procurement Services will provide to employees who make purchases, the University's Sales Tax Exemption certificate/number; to which they are to provide the number to suppliers to prevent sales tax from being charged on purchases. This process also requires vendors to correctly establish FIT as a tax-exempt customer and bill the University appropriately.

Employees must work with vendors to make sure this is happening and correct vendors when necessary.

**Vendor Authorization and Management** – The University, through Procurement Services, will seek to minimize its risk and consolidate its purchasing power by carefully managing its active vendors.

University employees are required to work with the Procurement Services to identify approved vendors or to set up a new vendor who may be able to provide better value to the University. Procurement Services is responsible for ensuring that all international and domestic vendors have been reviewed and are clear of possible sanctions through the Visual Compliance Restricted Party Screening tool.

**Budgets, Available Balance, and NSF Controls** – Procurement Services, along with its Purchasing Systems and Controls, provide added security by checking budgets and available balances prior to the issuance of Purchase Orders and/or payment requests. These checks, along with P-Card spending limits, help the University and its Budget Managers stay within budget and manage University resources.

**Timeliness/Efficiency** – A purchasing transaction is not complete until the goods or services have been received and the supplier has been paid. After a purchase has been initiated, the Department/College has the responsibility to see that the vendor is paid in an appropriate period of time. This requires efficient processing of purchase and payment forms, requisitions, PO's, approvals, and receipt acknowledgments, and prompt handling and forwarding of these documents. Vendors should send their invoices directly to the Accounts Payable office for processing. If an invoice is received by another Department or College, it must be forwarded promptly to the Accounts Payable office.

**Spending Limits and Controls** – The SVP/CFO and the Office of Financial Services have established a hierarchy of spending approval limits for personnel within the University and its Colleges and Departments. Purchases and requisitions must be issued and/or approved by those with the necessary spending authority. Final authorization to make contractual commitments and sign contract documents is reserved for employees authorized by the University's Board of Trustees.

Procurement Services will help the Colleges and Departments by pre-qualifying vendors and negotiating preferred pricing and/or terms for commonly purchased items or services. Additionally, the Procurement Services will seek to leverage its purchasing power by coordinating purchases with preferred vendors who offer the best value.

**Procurement Systems and Controls** – Procurement Services, with assistance from Information Technology and selected business and banking partners, has established processes and systems to facilitate purchases, requisitions, and vendor payments. These include:

- Procurement Cards (P-Cards)
- Purchase Requisition and Purchase Order System
- Alternate Payment Methods – Payment Request, ACH Payment Request, Wire Transfer Request

**Competitive Bidding** – The University will practice competitive bidding for the purchase of goods or services from external suppliers, when the total purchase obligation will be equal to or exceed \$15,000 and when there is no University contract providing for the good or service. Bidding is to be conducted openly, competitively, and impartially and must follow the University's Competitive Bid Procedure. See Threshold chart below.

**Procurement Services Responsibilities:**

- To establish and implement purchasing policies, procedures, controls, and systems that best serve the University's Mission, objectives, and community.
- To provide outstanding customer service by staffing itself with trained and motivated associates.
- To procure in an efficient, economical, and timely manner the goods, supplies, materials, equipment, and supplies of the University for its Continued Operations in accordance with University Policy.
- To identify, establish, manage, and develop a diverse pool of Vendors and Suppliers who will provide the best value to the University.
- To solicit, compare, and select competitive bids when required by the University's Competitive Bid Procedure.

### **Procurement Services Responsibilities (*continued*)**

- To evaluate and recommend new products, services, or systems that can provide more excellent value to the University.
- To develop, promote, and maintain University standards for commonly used products and services.
- To operate with integrity and ethical relationships between suppliers, their representatives, and University personnel.
- To recognize the unique relationships that exist between the University, as a purchaser of goods and services, and various alumni and friends of the University as potential suppliers of those goods and services to the University and then to allow special consideration to these potential suppliers only if they demonstrate the ability to provide equal or better value to the University.
- To team with those who use products and services to learn what product or service components contribute to their preference for a supplier or product and then negotiate with the preferred supplier to obtain the Best Value, or to present the user with alternate products that will satisfy their most essential needs and provide higher value to the University.
- To manage and administer the University's Procurement Card Program.
- To establish and administer the University's Travel Policy and related processes for faculty and staff.
- To assist University Colleges and Departments in their purchasing activities by:
  - Helping them establish bid guidelines, scopes of work, and product specifications when competitive bidding is required.
  - Providing timely cost estimates, purchase planning assistance, and budget guidance.
  - Assisting with the expediting and tracking of orders that have extended lead times or delivery schedules, and sourcing substitute suppliers, products, or services, if needed.
  - Ensuring the prompt and correct payment of vendors.
  - Working with vendors to resolve billing disputes and discrepancies such as shortages, damages, quantity differences, and pricing errors.

### **Employee Responsibilities**

Employees who conduct business on behalf of the University and are involved in purchasing goods or services, and/or traveling in support of University operations are responsible for reading, knowing, and abiding by this Procurement Policy and related Procurement Policies and Procedures.

To ensure all of the above, it is the policy of Florida Institute of Technology that university employees shall not accept any favor or gratuity from any person, firm or corporation that is engaged in or attempting to do business with the university, nor shall their position with the University be used to influence suppliers when making personal purchases.

Under no circumstances shall any employee accept a commission or other form of compensation on sales to the University.

Employees engaged in any aspects of the purchasing process are expected to be free of all relationships that are detrimental to the best interest of the University. The University will not acquire goods or services for University employees for personal use. University vendors are not expected to extend beneficial pricing for non-related university purchases but may do so at the vendor's sole discretion. Rebates or refunds from vendors shall be the exclusive property of the university and shall be paid promptly into the university accounts.

University credit or purchasing power shall not be used to purchase goods or services for individuals or for non-university related activities except where corporate sponsored agreements are in place. Violations or willful intent to disregard the policy may result in disciplinary action up to and including termination and criminal penalties.

The following chart provides guidance on levels of procurement and thresholds for purchasing action. All dollar limits listed below are "Total Purchase Obligation."

Procurement Level	Threshold & Guidelines
<p>1. Micro-Purchases \$0 - \$5,000</p>	<ul style="list-style-type: none"> <li>• No quote or estimate documentation is necessary, but the use of Preferred Suppliers is suggested.</li> <li>• Capital Purchases must be on a Purchase Order (PO). <i>See FAQs below.</i></li> <li>• Requisitions are required for computers &amp; laptops</li> <li>• P-card is the preferred payment method.</li> <li>• See separate P-Card Guidelines for additional rules.</li> <li>• Total Purchase Obligation applies. <i>See FAQs.</i></li> </ul>
<p>2. Small Purchases \$5,001 - \$15,000</p>	<ul style="list-style-type: none"> <li>• Purchase Order (PO) must be used unless travel related expense.</li> <li>• P-Card may be used for travel.</li> <li>• Two informal quotes are required</li> <li>• Requesting department obtains informal quotes and sends to Procurement Services along with the requisition.</li> <li>• We strongly encourage purchasers to use our Preferred Suppliers/Consortiums for obtaining informal quotes.</li> </ul>

Procurement Level	Threshold & Guidelines
<p>3. Competitive Bids \$15,001 and Greater</p> <p><b>Requires Procurement Services involvement prior to any discussions with suppliers</b></p>	<ul style="list-style-type: none"> <li>• Requires Procurement Services involvement from the beginning (before creating the purchase requisition).</li> <li>• Requires (3) Written formal quotes/ or RFP reviewed initiated by Procurement Services.</li> <li>• Purchase Orders are required.</li> </ul>
<p>4. Large Purchases \$100,000 or greater</p> <p><b>Requires Procurement Services involvement prior to any discussions with suppliers</b></p>	<ul style="list-style-type: none"> <li>• Request for Proposal (RFP) with the evaluation method is required (sealed bids if deemed necessary).</li> <li>• Consult with Procurement Services.</li> </ul>
<p>5. Purchases from a Sole or Single Source</p>	<p>Sole or Single Source is the exception process to follow when the above guidelines cannot be achieved because of:</p> <ul style="list-style-type: none"> <li>• Emergency Situation.</li> <li>• No competition for required good or service (no other company can provide).</li> <li>• See Sole/Single Source for more information.</li> <li>• Use of Single or Sole Source purchase process must be <b>pre-approved</b> by Procurement Services.</li> </ul>