



WESTERN MICHIGAN UNIVERSITY

**PURCHASING POLICIES AND
PROCEDURES MANUAL**



Table of Contents

Bid Policy	3
Bid Evaluation	4
Budget Approval of Requisitions	4
Vendor Contracts	5
Bonding Requirements	5
Freight Claims/Damaged Goods.....	6
Negotiated Vendor Contracts	7
Conflict of Interest.....	8
Ethics.....	8
Leasing.....	9
Vendor Selection, Evaluation and Certification.....	9
Freedom of Information.....	10
State Sales Tax.....	10
Insurance Requirements.....	10
Prepayment of Orders	10
Expediting	10
Time and Material Contracts	11
Debarment and Suspension Policy	11

Bid Policy

- A. Up to \$5,000.00 – Individual and/or Departments may purchase through use of the University Procurement card. See Procurement Card policy manual for detail.
- B. Up to \$50,000.00 – Written bids will be obtained. Verbal or telephone bids will be accepted in an emergency, upon approval from the Associate Vice President for Business and Finance. Sole source situations must be verified by a buyer or a letter of justification must be submitted by the requester and approved.
- C. \$50,000.00 and over – Sealed bids will be issued along with Affirmative Action Compliance and “Buy American” forms. Exceptions to this rule may be made only with the written approval of the Vice President for Business and Finance, or designee.
- D. Confirming P.O. – When emergencies require, buyers may issue P.O.’s at the request of a department. The requesting department must furnish name of requesting individual, item to be ordered, estimated cost, and name of department. The requisition should then be forwarded to the Purchasing Department. The requisitioner should write the Purchase Order number on the requisition and write confirming order to prevent duplication of the order.
- F. Emergency Phone Order – When taking phone or fax bids from Vendors, the buyer should list the vendor’s name, date, name of person representing vendor, price of commodity, delivery date, and shipping terms. This information should be attached to Purchasing’s copy of the P.O. as supporting documentation.
- G. Explanation – A note of explanation is required on the front of a requisition if no quotation or bid is obtained on all P.O.’s of \$5,000.00 or more. A number from (basis of award form) or written explanation should be provided.
- H. Special Approvals – Facilities Management must approve installation of new equipment, construction or remodeling projects.
- I. Prevailing Wage Rates – Prevailing wage rates provided by the State of Michigan must be a part of all orders for new construction or remodeling where State of Michigan funds are involved unless the law or University agreement allow otherwise. The Vice President for Business and Finance must be consulted with and give approval for any exceptions to this policy.
- J. Finally, it is assumed that the affirmative (Minority/Women) purchasing program will serve to modify the above policies as appropriate.
- K. Sole source purchases over \$5,000.00 must be justified to the satisfaction of a Purchasing Buyer/Director of Logistical Services. Sole Source Documentation & Authorization Form must be attached to purchase requisition.

Bid Evaluation

- A. In most circumstances, the University will award bids to the lowest qualified bidder, provided the bid has been submitted in accordance with the requirements of the bid request, meets all specifications, meets delivery requirements, and does not exceed the funds available. However, other circumstances may warrant award to another bidder based on factors deemed by the University to be in its best interests, such as the bidder's past performance, experience, proximity to the project, and/or other factors.
- B. If bid amount is 10% greater than requisition estimate, call department for authorization to proceed, if less than 10% issue P.O.
- C. Whenever possible at least (3) three sources of supply should be bid in a competitive bid situation.
- D. Regular quotations (orders estimated at less than \$50,000.00), buyer should designate the date the "Request for Quote" form is due back to the Purchasing Department. All quotations will be time and date stamped upon receipt. No quotation should be honored after the arrival of the next working day's mail delivery without approval of the Director of Logistical Services. Facsimile copies may be accepted on regular quotations.
- E. Sealed Bids (orders estimated at more than \$50,000.00), buyer should designate the date, time and location each sealed bid will be opened. All Sealed Bids will be time and date stamped upon receipt. Facsimile copies **will not** be accepted in a sealed bid situation. Bid openings will not start earlier than the time specified. Sealed bids will be opened at the time and place specified in the bid request. Bid openings may be attended by the public. Bids will be read aloud and prices recorded. Sealed bids arriving after the opening deadline **will not be opened and will not be accepted**.
- F. All opened bids, late bids, date stamped envelopes and price comparison sheets, will be stapled together and filed numerically by bid number.

Budget Approval of Requisitions

All purchase requisitions must be signed by an authorized individual, who can commit funds from the appropriate fund and cost center.

Exceptions

- A. All fund 25, 26, 27, 28, 29 and 30 accounts must be approved by the Grants and Contracts Office if over \$25,000.00.
- B. The fund (43) Maintenance Stores and fund (44) WMU Bookstore accounts do not require approval. Plant Accounting must approve funds (63, 64, and 66).
- C. The monitoring of object codes by the Purchasing Department is anticipated.

Vendor Contracts

- A. Vendor Contracts are used when circumstances make them advantageous to the requesting department and the Purchasing Department. These circumstances normally are numerous purchases of the same item or a combination of items on a repetitive basis during an annual period. Contracts are normally issued for a (1) one year period, with two (1) year renewal options. No Contract is to run for more than three years in succession without re-bidding. The exception is approval from The Vice President for Business and Finance, or designee.
- B. Vendor Contract Transactions – Vendor Contract payments/transactions may be handled with a payable voucher, purchase order or procurement card. Please call the Purchasing Department if you should have any questions.

Bonding Requirements

- A. **Bid Bonds** – Bid Bonds are required on all construction or maintenance project bids that are estimated to be \$100,000 or larger. Exceptions to this policy must be approved by the Vice President for Business and Finance or designee. Bid Bonds are normally required in the amount of 5% of the vendor's bid.
- B. **Performance and Labor/Material Bonds - P & L/M Bonds** are required on all construction or maintenance project bids estimated to be \$100,000 or larger. Exceptions to this policy must be approved by the Vice President for Business and Finance or designee. The amount of these bids is normally required to be 100% of the vendor's total bid.
- C. See **Boiler Plate** for more detail on Bonding. There may be additional requirements on bonding; e.g., construction projects under \$100,000, as dictated by University administrators.
- D. All bonds in effect are to remain in the University Purchasing Department and are the responsibility of the University Purchasing Agent. All bonds are returned to the appropriate vendor after **APPROVED COMPLETION** of project. All bonds must be from bonding companies licensed to do business in the State of Michigan.

Freight Claims/Damaged Goods

Damaged Goods Received On (Shipping Point Prepay & Add)

- A. The University Manager Freight/Postal/Delivery Unit or designee will immediately contact the Carrier and request an inspection be made. Claims must be filed within 15 days of receipt of order.
- B. Manager Freight/Postal/Delivery contacts University Purchasing Department that a claim has been initiated for P.O. #_____.
- C. The Purchasing Department will notify Accounts Payable Department to “HOLD” payment of invoice against P.O. until claim is resolved. Request copy of original invoice from Accounts Payable as it will be required when filing the written claim with Freight Co.
- D. Most Freight Companies require a “Loss & Claim” form (their own) to be filed at time of claim. If you do not have a proper form, make a claim without it and if required, the Freight Company will forward one for completion.
- E. After receipt of Inspection Report, Freight Bill, Invoice and Purchase Order, a letter is sent to the Freight Company making claim and including all of the above. Indicate total amount of claim including charges for replacement freight if it is necessary to order replacements. **THE CLAIM NUMBER WE USE IN THE LETTER IS ALWAYS THE ORIGINAL P.O. #.** Send letter to vendor and explain a claim has been filed with the Freight Company. It may also be determined at this time to have a replacement order requested by Purchasing. Along with this letter, send copies of other relevant information sent to the Freight Company.
- F. Be sure to keep copies of all documents sent to the Freight Company, as follow-up may be required due to their untimely action.
- G. If/when, claim check is received deposit at Cashiering Office. Deposit in account that appears on P.O. Cashiering will furnish receipt that should be filed with P.O.
- H. If the Freight Company denies responsibility for damage or pays only a partial claim, then another letter is sent to the Vendor asking for their assistance in settling claim. Send copy of correspondence received from the Freight Company indicating partial settlement or that they have refused payment against claim so Vendor knows exactly what the Freight Company has done.

Damaged Goods Received On (F.O.B. Delivered)

- A. Freight/Postal/Delivery Manager notifies the Purchasing Department Buyer that damaged goods were received on P.O. #_____.
- B. The Purchasing Department will notify Accounts Payable Department to hold payment of invoice on appropriate P.O.
- C. Notify Vendor of receipt of damaged goods. It is the Vendor’s responsibility then to file freight claim.

- D. Keep records available for follow-up if correction is not handled in a timely manner.
- E. Notify Accounts Payable when invoice is cleared for payment. In the event that neither the Freight Company nor the vendor will claim responsibility for the damaged goods contact the Director of Logistical Services for further directive.

Shipments Received with Visible Damage

During the delivery, cartons that appear damaged should be inspected immediately. Damages or suspected damages must be clearly noted on all copies of the delivery receipt, to validate the damage, the carrier's copy of the delivery receipt must include specific notation of damage, receiver's full signature and carrier driver's full signature.

Shipments Received with Concealed Damage

Receiving is to call carrier immediately when damage is found and request an inspection. Receiving will also notify correct Purchasing Buyer of damage and Buyer will notify Vendor of concealed damage. In accordance with the industry rule, a concealed damage must be reported to the delivering carrier within 15 calendar days. The carrier must inspect the product within 5 working days after notification. The product is to be inspected before it is moved to a different location. When the damage becomes evident, **HOLD THE MERCHANDISE AND ALL PACKING MATERIAL AT THE DELIVERY SITE FOR THE CARRIER'S INSPECTION.** If the damaged product is moved or the packing material discarded, the carrier will most generally deny the claim. The carrier's representative will inspect the damaged merchandise and prepare an inspection report for our approval and signature. Carefully read the report before signing. Do not sign the report if you believe it to be incorrect. Carriers frequently deny or reimburse only a portion of the claim; they are entitled to salvage the damaged product. If the product is not available, the claim settlement will be denied.

Negotiated Vendor Contracts

Contracts may be negotiated with selected Manufactures or Organizations when it is in the best interest of the University. Examples would be furniture contracts where the University wishes to specify a particular Manufacturer's product for various reasons, such as additions to an existing installation or to meet various University architectural requirements.

- A. The vendor and the Purchasing Department meet to discuss products, terms, and conditions that will be included in the proposed contract. After terms have been determined, and a negotiated price agreed to, governing all commodities included within the contract, final contract language may be established.
- B. The Director of Logistical Services or designee, with direction from the Vice President for Business and Finance may sign contracts.

- C. Length of contracts may be for a specific period or may be open ended with contract language specifying how price changes will be approved.

Conflict of Interest

- A. It is a conflict of interest to purchase a commodity or service from a University Employee or his/her immediate family, or from a company of which the employee or an immediate member of his family owns more than a 1% of the stock, without written approval from the Vice President of Business and Finance or designee. **Immediate Family** is defined as spouse, and the employee's or spouse's children, parents, grandparents, and grandchildren. The Purchasing Department is expected to investigate any instances of possible conflicts of interest, if they feel a possible violation exists.
- B. **PERSONAL PURCHASES** – The University will not purchase any supplies or equipment for the personal use of University staff nor will arrangements be made by the Purchasing Department. to create any buyer-seller arrangements between staff members and University suppliers. The exception to this policy would be where the University staff has been specifically included in a contract with a vendor, such as computer purchases.

Ethics

The Purchasing Department and those individuals designated to the Purchasing function are charged with the responsibility of conducting the purchasing function in a manner which results in the greatest benefit for the University, and which will be accomplished in accordance with ethical practices of the purchasing profession. The National Association of Educational Procurement, (NAEP) the professional organization of education purchasing agents, has a code of ethics which governs the relationships the Purchasing Department should have with individuals and departments within the institution and suppliers and friends of the institution. The Purchasing Department of Western Michigan University subscribes to this code.

NAEP Code of Ethics

- A. To give first consideration to the objectives and policies of my institution.
- B. To strive to obtain the maximum ultimate value of each dollar of expenditure.
- C. To cooperate with trade and industrial associations, governmental and private agencies engaged in the promotion and development of sound business methods.
- D. To demand honesty in sales representation whether offered through the medium of an oral or written statement, an advertisement, or a sample of the product.
- E. To decline personal gifts or gratuities which might in any way influence the purchase of materials.

- F. To grant all competitive bidders equal consideration, to regard each transaction on its own merits, to foster and promote fair ethical and legal trade practices.
- G. To be willing to submit to arbitration over any major controversies.
- H. To accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
- I. To counsel and cooperate with **NAEP** members and to promote a spirit of unity among them.

Ethics Guidelines

Some of the things that should be declined, if offered, include:

- A. Any rebates, gift cards, products, services, etc., that are gained as a direct result of a University purchase shall remain the property of the University.
- B. Gifts that have more than trivial value.
- C. Lavish entertainment
- D. The repetitious receipt of lunch or dinner on a frequent or recurring basis.
- E. Loans of money or facilities.
- F. Preferred investment opportunities.

Leasing

Leasing agreements **may not** be entered into unless they have been reviewed and approved via signature by the Associate Vice President for Business.

Vendor Selection, Evaluation and Certification

- A. **Selection** – Potential vendors are selected for their ability to serve the needs of the University in an economical and efficient manner and on a continuing basis. Past performance of vendors and cooperation with Western Michigan University are important factors in vendor selection. Whenever the vendor base is not sufficient to fulfill the University’s needs, additional research and solicitation must be conducted by the Purchasing Department to increase vendor participation.
- B. **Evaluation** – Vendor performance must be monitored and documented when necessary, by the assigned buyer, to assure that quality products are received in a timely manner at the quoted prices.
- C. **Certification** – Certification is required for Minority and Women Owned Businesses wishing to do business with the University under the minority procurement policy. It is preferred that these vendors be certified by the State of Michigan. If state certification has not occurred and would not be likely in a timely manner, it is the buyer of record responsibility to evaluate and determine if the vendor would qualify for minority status.

Freedom of Information

- A. Being a State supported institution requires Western Michigan University to make available documentation and information relative to various purchasing records and bidding documents. It is appropriate for “Buyers” to release pricing information to interested vendors, when requests are made regarding a specific bid or purchase order. However, no information is to be released concerning a bid in process.
- B. Any release of an official University document or in-depth evaluation of a bid process, for a specific order, can only be released by the University’s Freedom of Information Officer.
- C. Standard “Proprietary Statement” – Because of the “Freedom of Information Act,” of the State of Michigan, Western Michigan University is legally bound to share its contract documents with the public, after the bidding process has been completed and a purchase agreement has been formalized. All bid response information marked “PROPRIETARY” will be treated confidential by the University, to the best of their ability, for Freedom of Information purposes.

State Sales Tax

Generally, University purchases are not subject to State of Michigan sales tax or Federal tax. Exceptions to this policy are listed below.

Sales tax must be paid on building materials purchased by contractors doing work for the University. This information should be included in the specifications for all work of this nature issued by the Purchasing Department.

Insurance Requirements

All companies and/or individuals performing work or services on University property must carry insurance coverage satisfactory to the University. The proof of insurance certificates will be filed and monitored as being current by the Purchasing Department.

Prepayment of Orders

Check with order is accomplished by sending the vendor copy of the Purchase Order to the University Accounts Payable Department accompanied by a voucher for the correct amount of the Purchase Order. The Accounts Payable Department will then send a check with the order to the Vendor.

Expediting

It is the responsibility of the product buyer of record to expedite said product or service designated on the Purchase Order.

Time and Material Contracts

Vendor Contracts issued for labor and material needs of various projects, as needed by Physical Plant and Facilities Development.

- A. All T & M contracts will be processed through the normal bid procedure with specifications agreed to by Facilities Management and Purchasing.
- B. T & M contracts will be issued for a One (1) year period, with two (2), One (1) year renewal options. (Same procedure as Vendor Contracts). No T & M contracts will be issued to the same vendor for more than three consecutive years, without re-bidding.
- C. All projects released to a T & M Contractor will be made by a purchase order against the original Vendor Contract. The Purchasing Department will do this from a Purchase requisition submitted by the requesting department (Facilities Management).
- D. T & M contracts will be used only with the authority of Facilities Management. Any exceptions would have to be approved by the Vice President for Business and Finance.
- E. Purchasing requisition submitted by requesting department will include:
 - a. appropriate fund/cost center/object code
 - b. project name and number
 - c. project coordinator name and phone number
 - d. address and person the invoices should be directed to at W.M.U.
 - e. a message to the contractor stating that invoices must include Purchase Order #/Contract #, and Project #.
- F. All T & M contracts are to be limited to projects where costs are estimated to be less than \$25,000, or approvals are obtained as listed below.
- G. All T & M projects estimated to be more than 50% material costs are to be evaluated with the Purchasing Department, to determine appropriate acquisition of materials.
- H. All T & M projects estimated to be over \$25,000.00 must be approved by the Vice President for Business and Finance or designee.

Debarment and Suspension Policy

- A. All vendors utilized on Grants and Contracts (funds 25-30) purchase orders and vendor contracts will be checked to see that they are not debarred or suspended from participating on US Government funded projects or grants. This verification will be accomplished via the “Excluded Parties List System” web site maintained by the US Government. All findings will be documented with the purchase order/vendor contract documents.