

STANDARD OPERATING PROCEDURE: 2.0 SUPPLIER MANAGEMENT

This procedure is in accordance with Procurement and Payment Policy [20.1.11](#).

Introduction

Supplier Management is a set of processes, activities, systems and information management tools that allows Rutgers to manage and have maximum visibility into all activities associated with a supplier. UPS is responsible for setting up a supplier in the Rutgers system for the first time, changing any needed supplier information, supplier registration, diversity, sustainability, and ongoing supplier relationship management.

Procedure Outline

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Definitions

Corporation: An organization that is recognized as having a legal existence as an entity separate and distinct from its owners. Corporations are owned by their stockholders (shareholders) who share in profits and losses generated through the firm's operations.

Employer Identification Number (EIN): A unique nine-digit number assigned by the Internal Revenue Service (IRS) to business entities operating in the United States for the purposes of identification. The EIN is also known as the Federal Tax Identification Number.

Independent Contractor or Employee Determination Form (ICED): This is a prerequisite document for guest lecturer, honorarium, or professional services engagements, that the prospective supplier must complete and must be reviewed and approved by UPS or University Tax Department prior to any start of service.

Individual Tax Identification Number (ITIN): A tax processing number only available for certain nonresident and resident aliens, their spouses, and dependents who cannot get a Social Security Number (SSN). It is a 9-digit number, beginning with the number "9", formatted like an SSN (NNN-NN-NN).



Limited Liability Company (LLC): A organization whereby the members of the company cannot be held personally liable for the company's debts or liabilities. This is a hybrid entity that combines the characteristics of a corporation and a partnership or sole proprietorship.

Ownership Declaration Form: A form required to be submitted by all suppliers performing work with RBHS or other Rutgers units that may be Medicare reimbursable.

Partnership: An organization in which two or more individuals pool money, skills, and other resources, and share profit and loss in accordance with terms of the partnership agreement.

PaymentWorks: Self-service supplier data portal for new supplier onboarding and existing supplier maintenance.

Procurement Approver: Approver within UPS who will perform a general screen and review of invitation requests for a new Supplier or review any updates of a current supplier.

RU Marketplace: the university online system that covers all stages of the procurement-to-payment process. This system provides a comprehensive approach to the provider and end user. The tool also allows for data analytics by measuring the effectiveness of contracts, transaction approval cycle times, and use of automated invoice processing.

Social Security Number (SSN): A unique 9-digit number in the format 000-00-0000 issued to individuals in the United States to track Social Security benefits and for other identification purposes.

Sole Proprietor: A business that legally has no separate existence from its owner. A sole proprietorship is the simplest business form under which one can operate a business. The sole proprietorship is not a legal entity. It simply refers to a person who owns the business and is personally responsible for its debts.

Standard Operational Procedure (SOP): A set of instructions that functionally describes the key procedures.

Supplier: Any individual, company, corporation, partnership or sole proprietor that provides goods or services to the University.

Tax Identification Number (TIN): A identification number used by the Internal Revenue Service (IRS) in the administration of tax laws. The TIN is also known as the Employer Identification Number (EIN).

Unit: A Rutgers internal department.

University Procurement Services (UPS): The unit that processes all procurement transactions including requisitions and invoices, facilitates the formal bid process, and negotiates and manages contracts.

W-8 Form - The IRS form that certifies foreign status and needs to be completed for any foreign individual (W-8BEN) or company (W-8BEN-E) when the University is making a payment to them. It is also used to validate a tax treaty exemption from, or a reduced rate of, withholding on certain income.

W-9 Form -The IRS form which certifies a domestic taxpayers identification number. This form is requested from suppliers to conform to IRS regulations. Rutgers must have a federal tax identification number or social security number on file for all suppliers and individuals receiving payments from the University and this form is used to certify those numbers.

Procedures

2.1 New Supplier Set-Up Process

Prior to purchasing a good or a service, units should first research and attempt to use contracted suppliers and suppliers already in RU Marketplace to meet their needs, before seeking to enter an additional supplier to the system. If no existing suppliers can provide the good or service, the new supplier must go through an approval process by UPS within PaymentWorks. [PaymentWorks](#) is a self-service supplier information management system that streamlines the supplier experience and offers visibility into all activities associated with a supplier.

If the supplier is already established in RU Marketplace, the supplier has been approved. If not, the supplier must go through PaymentWorks. A supplier must be set up regardless of their tax classification per IRS W-9 or W-8 form(s). Payees whose transactions are eligible for [Non-PO Uploads](#) are not required to register.

Units can check for supplier set-up by entering the supplier name in any of the requisition forms in RU Marketplace. Units must still follow the sourcing process (See [3.0 Sourcing](#)) to complete the purchase.

Required new supplier set-up information and documents – If there is no supplier record in our data base, follow the steps to send an invitation to the supplier to join PaymentWorks.

Setting up a new supplier occurs in a few steps (see [PaymentWorks Training Videos](#)):

- a) The unit searches for the supplier via PaymentWorks (to ensure they are not in the system).
- b) The unit, known as the “initiator” completes the invitation information that includes:
 - Supplier name
 - A valid supplier email address
 - Initiator phone number
 - Good or service provided
 - Selection of company or individual
 - Personalized message (optional) – for the supplier
 - PO or check request supplier
- c) The invitation is routed to UPS to approve or reject the invitation.

- 1) **Criteria for supplier invitation approval** – Supplier invitations to PaymentWorks are approved by UPS using the following considerations:
 - a) Does the supplier offer a good or service that cannot be purchased from a [University-Contracted Supplier](#)? If there is a university contracted supplier, that new supplier request will not be approved unless the following exceptions are met:
 - Certified diversity attribute
 - Supports University Buy Local Initiatives
 - Specified by the grant
 - b) Is the supplier an employee? Employees will not be approved.
 - c) Is the supplier a student? Students should be processed through the [Non-PO Upload Process](#).

- 2) **Supplier documentation** – Once an invitation is approved by UPS, potential suppliers are required to submit the following documentation in order to formally register with PaymentWorks:
 - Name as it appears on the W-9 (or W-8 if foreign)
 - Address
 - Email address
 - Tax ID/SSN number
 - Phone number
 - Signed W-9 (US entity) or W-8 (foreign entity)

Any missing information will result in a supplier registration to be placed on hold.

- 3) **New supplier screening and entry** - Once the potential supplier submits their completed registration, PaymentWorks performs a general screening to include:
 - Confirm the validity of the tax identification number
 - Confirm that the supplier is not on the debarred supplier list (See [SAM.gov](#))
 - Confirm supplier's address is valid
 - Confirm the supplier record does not already exist in our supplier database

Once the PaymentWorks screening is complete, UPS will also perform screening that includes:

- Confirming the supplier is not a current employee or student of Rutgers
- Address the issues that PaymentWorks has identified

Once the screening process is complete and no issues are discovered, the supplier record will be added to Oracle. If an issue is discovered, employees/students, or a supplier appears on the debarred list, a member of the UPS will contact the supplier/requester.

2.2 Supplier Record Maintenance

From time to time, updates to a supplier record will be required. For all suppliers not onboarded in PaymentWorks, units should invite that supplier via a PaymentWorks invitation (see [2.1 New Supplier Request Process](#)) so that the supplier goes through a sanctions check. The old record will be de-activated once the registration has been approved and entered. Any updates to a supplier's information going forward should be made by the supplier directly via PaymentWorks.

Typical changes include:

- New address
- Changes to an existing address or contact information
- Change in name
- Tax identification change
- De-activation due to going out of business or purchase by another company

For suppliers already in the system but who require a change, they will submit the change in the PaymentWorks portal directly. The change request will be reviewed and either approved or rejected.

The Supplier Maintenance team also performs other regular maintenance activities. Periodically, the team will deactivate suppliers who have not had activity for at least 18 months. Any reactivation would require these suppliers to be re-register in PaymentWorks.

2.3 Prospective Diverse Suppliers

Diverse Suppliers who are interested in pursuing opportunities with Rutgers are encouraged to:

- Complete and submit a [Supplier Registration Form](#) on the UPS website and send to the Supplier Diversity Manager at diversitypurchasing@finance.rutgers.edu.
- The supplier's information is added into the supplier repository database for future consideration as opportunities arise.

2.4 Supplier Ethics

Current and prospective suppliers are prohibited from giving money, loans, credits, entertainment, favors, services or gifts to Rutgers employees. Such gifts and gratuities, even if of seemingly low value, can give rise to a conflict of interest or the appearance of a conflict of interest. Such gifts will be promptly disposed of. If it is deemed necessary to visit a supplier site for a demonstration, the

university pays all related expenses. Please see [Rutgers policy 40.2.12 - Gratuities, Guests, Gifts and Use of University Resources](#).

2.5 Debarred Supplier List

Rutgers University complies with Federal regulations that prohibit transacting or making payments to suppliers that are debarred or appear on a prohibited list maintained by the U.S. Federal Contractor Registration, or other federal agency. This applies to all procurement and disbursement transactions including but not limited to suppliers, individuals, external / independent contractors or consultants, professional services providers, entertainers, performers, one-time lecture fees and construction related goods and services.

UPS is responsible for confirming that suppliers are not on the debarred list. No contract, agreement, purchase order, or payment by Rutgers is allowed at any time to such suppliers or parties. UPS will cancel any contracts, agreements, or purchase orders inadvertently issued, and will return unprocessed any invoices submitted for payment.

If any current suppliers appear on the denied parties/debarred list, the following steps will be taken by UPS:

- 1) Deactivation of the supplier in RU Marketplace/ Oracle.
- 2) Notification to [University Ethics and Compliance](#).
- 3) Location of any open transactions with the supplier and notification to the unit responsible for the transaction.
- 4) Closure of any open transactions subject to the terms of any existing contracts.

2.6 Supplier Diversity Program

Rutgers' Supplier Diversity Program seeks to build business relationships between qualified minority-owned, women-owned, veteran-owned, Labor Surplus Area (LSA) and small business enterprises and the university. To diversify Rutgers' supplier base, UPS educates and encourages small and diverse suppliers to compete for university business opportunities.

Small businesses that meet a certain set of criteria outlined below, and are certified by the relevant state or federal entity, may qualify for participation in Rutgers University's Supplier Diversity Program:

- **Minority Business Enterprise (MBE)** – the business is at least 51% owned, operated and controlled by minorities, and the management and daily business operation are controlled by one or more minorities who own it. For the purposes of Rutgers University Supplier Diversity Program, minority group members include African Americans, Asian Americans, Hispanic Americans, and Native Americans.

- **Women-Owned Business Enterprise (WBE)** – the business is at least 51%, operated and controlled by women, and the management and daily business operations are controlled by one or more women who own it.
- **Disadvantaged Business Enterprise (DBE)** - A for-profit small business that is at least 51% owned by one or more individuals who are both socially and economically disadvantaged or, in the case of a corporation, in which 51% of the stock is owned by one or more such individuals. Management and daily business operations must be controlled by one or more of the socially and economically disadvantaged owners.
 - **Economically Disadvantaged Individuals** - Those for whom impaired access to financial opportunities has hampered the ability to compete in the free enterprise system, in contrast to people in similar businesses who are not identified as socially disadvantaged.
 - **Socially Disadvantaged Groups**—Groups who have been, historically, subjected to racial or ethnic prejudice or cultural bias within the larger American culture; identified groups include: women, African Americans, Asian Pacific Americans, Hispanic Americans, Native Americans, and Subcontinent Asian Americans; members of other groups may qualify if they can satisfactorily demonstrate that they meet established criteria.
- **Veteran-Owned Business (VBE)** – the business is at least 51% owned, operated and controlled by a veteran or veterans.
- **Labor Surplus Area (LSA)** - government-designated towns and counties that have experienced severe unemployment. These areas are designated by the United States Department of Labor on a yearly basis.

To participate in the program, suppliers should complete and submit a [Supplier Registration Form](#) on the UPS website and send to the Supplier Diversity Manager at diversitypurchasing@finance.rutgers.edu.

2.7 Federal Contracting and the Small Business Contracting Plan (SBSP)

As a recipient of federal funds for sponsored research, the University is required by Federal Acquisition Regulation (FAR 52.219-9) to prepare a [Small Business Subcontracting Plan \(SBSP\)](#) for each contract with an awarded value in excess of \$700,000. Under these plans, prime contractors and subcontractors, such as Rutgers, must agree to purchase a percentage of goods and services from certified Small Business Concerns. Some federal agencies set specific percentage goals.

Small business concerns include:

- Small Disadvantaged Business (SDB) Concerns
- Women-Owned Small Business (WOSB) Concerns
- Historically Black Colleges and Universities (HBCU) and Minority Institutions (MI)
- HUBZone Small Business (HUBZone SB) Concerns
- Veteran-Owned Small Business Concerns (VOSB)

- Service-Disabled Veteran-Owned Small Business Concerns (SDVOSB)

The SBSP is developed jointly by the principal investigator, the unit, and the [Supplier Diversity Manager](#). The SBSP specifies which items will be purchased from small business concerns, the total dollars to be spent with each small business concern, and the percentage of dollars budgeted for supplies and services that the purchases represent. Once the award has been made, the SBSP becomes part of the contract and the principal investigator is expected to meet the goals set in the plan.

As a federal contractor, the University is required to prepare semi-annual reports to the federal government of its purchases from Small Business Concerns for each contract. The University identifies Small Business Concerns and include them in the performance of these subcontract plans.

2.8 Sustainability

Rutgers is committed to environmental stewardship by promoting the use of environmentally and socially responsible products, whenever possible. From a supplier management standpoint, UPS collaborates with the University's existing supplier base to identify and highlight for the campus, their portfolio of environmentally friendly products and services.

For federal awards, UPS:

- Guides units to purchase only items that are in compliance with [Environmental Protection Agency \(EPA\) at 40 CFR part 247 guidelines](#);

For all awards, including federal awards, UPS:

- Guides units to purchase recycled and environmentally preferable products and services, when practical;
- Meets with the campus units to discuss and explore opportunities to utilize products and services with the greatest amount of recycled, recyclable, and post-consumer content;
- Collaborates with existing suppliers to identify and highlight for the campus their portfolio of environmentally friendly products and services;
- Identifies green and environmentally responsible products made available by our suppliers and pilots them within the University to validate compatibility and practicality; and
- Guides units to participate in the fleet management program that complies with the U.S. Department of Energy's Alternative Fuel Transportation Program (See [Sourcing 3.0](#))



2.9 Supplier Management Post Contract Award and Dispute Resolution

UPS monitors selected major contracts to ensure compliance to all pricing, terms and conditions. In addition, UPS works with these suppliers to continually develop ways to drive costs down and improve services for the Rutgers community. The approach is dependent on the contract but may include:

- Reports from the supplier regarding key performance indicators (i.e. pricing, delivery data, product return data, etc.)
- Regularly scheduled meetings with the supplier (i.e. quarterly business reviews)

UPS also works with units on resolving any supplier conflicts that may arise, if requested. Units are encouraged to contact the appropriate [Category Manager](#) for assistance in resolving any such issue.

References

PaymentWorks

[Supplier Onboarding System](#)

Campus Instructions (via Canvas)

[Supplier Maintenance Request Process Instructions](#)

Process Flowchart (via Canvas)

[Supplier Management Process](#)

Revisions

Effective Date	Approver	Change Reference	Issue #
06/2023	M. Gower		3