



UNIVERSITY POLICY

Section: 20.1.11

Section Title: Administrative: Administrative Policies Procedures and Services

Policy Name: Procurement and Payment Policy

Formerly Book: 6.5.1

Approval Authority: Board of Governors

Responsible Executive: Executive President – Chief Financial Officer & University Treasurer

Responsible Office: University Procurement Services

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Contact: University Procurement Services: 848-932-4375.

1. Policy Statement

To the maximum extent possible, the procurement of goods and services for Rutgers, The State University of New Jersey, will be conducted in an open and competitive environment to ensure that prices paid by Rutgers for those goods and services are fair and reasonable, and that procurements for Rutgers follow best in class ethical business practices. Procurements of goods and services for Rutgers must conform to the standards identified in this policy which reflect applicable federal, state, local, and tribal laws and regulations where necessary.

2. Reason for Policy

To assure that University purchases and payments are properly authorized, and:

- Obtain the best value for the University;
- Follow fair and ethical business practices; and
- Reflect appropriate stewardship of University resources.

To educate employees and suppliers about the University's procurement and payment policy and procedures.

To reflect the mission of University Procurement Services, which is to:

- Provide support to the Rutgers community in the selection, acquisition, and use of goods and services;
- Maximize the University's purchasing power by focusing on strategic sourcing;

- Leverage its expertise in contract negotiations and supplier management;
- Streamline processes and investment in technology to provide administrative efficiencies; and
- Minimize risk exposure while maintaining flexibility in procurement activity.

3. Who Should Read this Policy

Members of the University community who purchase goods and services, or are authorized to use University funds for the payment of goods and services.

4. Resources

- [University Procurement Services Procedures Manual](#)
- [University Policy 40.4.1: Travel and Business Expense Policy](#)
- [University Policy 50.3.13: Signatory Authority Policy](#)
- [University Policy 50.1.12: Conflict of Interest for Members of the Board of Governors and Trustees, the Camden Board of Directors, and University Officers](#)
- [University Policy 60.1.1: Employment of Relatives](#)
- [University Policy 60.1.31: Gratuities, Guests, Gifts and Use of University Resources](#)
- [University Policy 60.4.2: Code of Ethics for Administrative and Professional Staff Members](#)
- [University Policy 60.5.9: Faculty or Staff Involvement with Commercial Enterprise – Contracts with the University](#)
- [Rutgers, The State University of New Jersey Code of Ethics: General Conduct](#)

5. Definitions

Emergency Procurement: When an occurrence or condition creates an immediate and serious need for services, materials, or supplies that: (1) cannot be met through normal procurement methods; and (2) are required to avoid or mitigate serious damage to University property, public health, safety, or welfare.

Generational Bid Waiver: A waiver of bid relating to a long-term investment in systems, equipment or infrastructure that is included in the university's annual budget.

Internal Supplier: A University unit that provides goods or services to another University unit.

Pass-through Waiver of Bid Procurement: A non-competitive procurement funded by a third-party for which neither the informal bid nor formal bid methods are viable.

Procurement Contract: A legal document agreed to by Rutgers and a supplier on the pricing and terms of a transaction or a series of transactions in which the University acquires goods and services.

Purchase Order: A legal document containing a description of the goods or services to be purchased. It also includes the payment and delivery terms for such goods or services.

Purchasing Thresholds:

Low Value Purchase Range – under \$50,000

Informal Bid Range – \$50,000 - \$249,999

Formal Bid Range –\$250,000 and greater

Sourcing Event: A competitive solicitation, initiated by University Procurement Services, which seeks bids and/or proposals from suppliers to provide goods and/or render services.

Supplier: A person or entity that is the source of goods and services procured by the University.

University-Contracted Supplier: A supplier that has been solicited through a University Procurement Services-managed competitive process, and with whom the University has an agreement in effect for goods or services. University-contracted suppliers may include those who have various cooperative consortium contracts available to the University, including but not limited to contracts competitively bid by other colleges and universities, as well as those under contract with the State of New Jersey.

University Procurement Services Procedure Manual: A manual that outlines the step-by-step activities required to purchase goods and services, to pay for those goods and services, and to be reimbursed for travel and business-related expenses.

6. The Policy

A. Introduction

To the maximum extent possible, the procurement of goods and services for Rutgers, The State University of New Jersey, will be conducted in an open and competitive environment to ensure that prices paid by Rutgers for those goods and services are fair and reasonable, that procurements for Rutgers follow best in class ethical business practices, and that Rutgers uses environmentally and socially responsible materials and products. Procurements of goods and services for Rutgers must conform to the standards identified in this policy which reflect applicable federal, state, local, and tribal laws and regulations where necessary.

B. Procurement Authority

- **Delegation of Primary Procurement Authority.** The procurement authority of goods and services rests with the Board of Governors. Per this policy, the Board of Governors has delegated procurement authority to the President, who, in turn, has delegated procurement authority to the Executive Vice President – Chief Financial Officer & University Treasurer. Except for the limited delegation of procurement authority, detailed below, the Executive Vice President – Chief Financial Officer & University Treasurer has designated University Procurement Services as the central procurement and payment authority for the University, responsible for managing procurements and payments for goods and services, and ensuring compliance with applicable policies and procedures. The Associate Vice President and Chief Procurement Officer or their designee(s) are authorized to approve and issue Purchase Orders
- **Limited Delegation of Procurement Authority.** Limited procurement authority has been delegated to all units for purchases within the low-value purchase range, in accordance with the [University Procurement Services Procedures Manual](#). In addition, limited procurement authority has been delegated to the units of the University listed below due to their unique purchasing requirements. These units may conduct their own procurement processes for the goods or services listed, however, such procurement processes should comply with the objectives of this policy where applicable. This limited delegation of procurement authority shall also comply with the approval and reporting requirements set forth in Section E of this policy.

- I. Dining Services for food used in the dining operations.
- II. Any unit (e.g., Zimmerli Art Museum) for art collections and exhibitions consistent with its mission.
- III. Institutional Planning and Operations for new construction or renovation projects in excess of \$2 million, engagement of architects and engineers, and the lease, rental, and purchase of real estate.
- IV. Office of General Counsel for legal services.
- V. Rutgers Global, only to secure goods or services required for programs conducted in foreign countries.
- VI. University Libraries for books, periodicals, media, and other library materials.
- VII. University News and Media Relations for printed materials.
- VIII. Research and Sponsored Programs for grant sub-awards.
- IX. Treasury Operations for select treasury functions.

C. Unit Responsibilities

All units and employees are required to comply fully with this policy and the [University Procurement Services Procedures Manual](#) in connection with the procurement of and payment for goods and services. Units are responsible for:

- Ensuring that individuals making purchasing decisions are knowledgeable of, and comply with, this policy, the [University Procurement Services Procedures Manual](#), and any related policies and procedures. This includes completing any system training per the guidance of the University.
- Ensuring that Purchase Orders are issued prior to the performance of services or the receipt of goods and that they remain fully funded during the course of the engagement for the services and goods ordered.
- Ensuring that all purchases made with University funds are appropriate, reasonable, and directly related to the goals and mission of the University.
- Following all financial controls established by the University that would apply to the unit, and, to the extent Universitywide financial controls do not cover a unit's particular procurement and payment activities, establishing and following unit-specific financial controls. Such controls provide reasonable assurance of the effectiveness and efficiency of operations, compliance with laws and regulations, and reliability of financial reporting. Each unit must separate among two or more people the duties of following financial controls.
- Using the appropriate procurement system and mechanism for all purchases of goods and services.
- Understanding and upholding the University's obligations under any procurement contract or Purchase Order.
- Understanding and overseeing the supplier's performance in accordance with the terms, conditions, and specifications of their contracts or Purchase Orders, and notifying

University Procurement Services of any significant performance issues.

D. Supplier Management

- **Screening.** All prospective suppliers that may provide goods or services to Rutgers shall be subject to a screening process to determine eligibility as University suppliers as detailed in the [University Procurement Services Procedures Manual](#). Existing suppliers are subject to periodic screening.
- **Required Documents.** Suppliers may not be permitted to conduct business with Rutgers unless the appropriate documentation is submitted as per the [University Procurement Services Procedures Manual](#).
- **Supplier Maintenance.** University Procurement Services shall establish in the [University Procurement Services Procedures Manual](#) processes to manage supplier issues, including but not limited to activation, updates, protests, disputes, and claims.
- **Supplier Diversity.** With diversity and social responsibility central to Rutgers' mission, the University is committed to the outreach, development, and inclusion of small, minority-owned and women-owned businesses in the procurement process.

E. Sourcing of Goods and Services

All purchases of goods and services must be conducted in a manner that provides, to the maximum extent possible, competition and adherence to competitive procurement practices. In addition, purchases must be made without the imposition of state or local geographical preferences when federal funds are used. University units that need to purchase goods or services shall first seek the goods or services from an internal supplier and second from a University-contracted supplier. If neither internal suppliers nor University-contracted suppliers can provide the goods or services, the unit shall use one of the following sourcing methods:

- **Quote.** For goods and services within the low value purchase range (under \$50,000), Rutgers shall obtain a quote from a supplier prior to issuance of a Purchase Order.
- **Informal Bid.** For goods and services within the informal bid range (at least \$50,000, but less than \$250,000), and as further described in the [University Procurement Services Procedures Manual](#), bids or proposals must be obtained from multiple prospective suppliers prior to issuance of a Purchase Order.
 - i. **Formal Bid.** For goods and services within the formal bid range (\$250,000 or greater), University Procurement Services, working in consultation with the Unit making the purchase, shall conduct a sealed bid or competitive proposal process, as detailed in the [University Procurement Services Procedures Manual](#). All formally bid procurements valued over \$10 million shall be approved by the Board of Governors prior to contract award.
 - ii. Formally bid procurements valued between \$1 million and \$10 million shall be reported at each Board of Governor's Finance and Facilities meeting as well as annually to the Board of Governors.
 - iii. Rutgers voluntarily complies with N.J.S.A. 52:15C-10 in reporting certain solicitation documents and/or awarded contracts to the Office of State Controller.
- **Waiver of Bid.** For goods and services above the informal bid range (\$50,000 or greater), where neither the informal bid nor formal bid methods are viable, Rutgers

may seek a non-competitive procurement with sufficient justification and pursuant to the [University Procurement Services Procedures Manual](#).

- i. Waiver of bid procurements valued \$5 million or greater shall be approved by the Board of Governors prior to execution of the proposed contract or issuance of a Purchase Order.
- ii. Generational Bid Waivers and Pass-through Waivers of Bid Procurements shall be exempt from Board of Governor approval.
- iii. Emergency Procurements shall be approved by the Chair of the Board of Governors and the Chair of the Board of Governor's Finance and Facilities Committee prior to execution of the proposed contract or issuance of a Purchase Order, and shall be submitted at the next Board of Governor's meeting for ratification by the entire board.
- iv. Waiver of bid procurements valued over \$1 million and under \$5 million shall require prior approval by the University's Chief Financial Officer ("CFO"), or the CFO's designee prior to the execution of the proposed contract or issuance of a Purchase Order.
- v. All Emergency Procurements and waiver of bid procurements between \$1 million and \$5 million shall be reported at each Board of Governor's Finance and Facilities meeting as well as annually to the Board of Governors.

F. Contracting

- **When to Contract.** As more specifically described in the [University Procurement Services Procedures Manual](#), University Procurement Services may establish a procurement contract (beyond a Purchase Order) if there is a purchasing need and either there will be repetitive purchases of goods or services from the same supplier over a period of time or a contract is necessary to adequately define the goods or services to be provided.
- **Signature Authority.** All procurement contracts will be reviewed by University Procurement Services and executed in accordance with [University Policy 50.3.13: Signatory Authority Policy](#). Only University Procurement Services has the signature authority to execute contracts for the procurement of goods and services, unless there has been specific delegation as set forth in Section B of this Policy. The University is not bound by, and does not recognize as binding, any promise or obligation made by a person not authorized by this policy or other relevant policy to bind the University.

G. Ordering Goods and Services

The primary method to legally memorialize procurement of goods or services at Rutgers is a Purchase Order. The process to obtain a Purchase Order is initiated in the e-procurement system by submission of a requisition and approval of the same, in accordance with procedures set forth in the [University Procurement Services Procedures Manual](#). Goods cannot be ordered and services cannot be rendered prior to the issuance of a Purchase Order. A Purchase Order must be issued prior to the goods being ordered or services being rendered, except for alternate methods described in the [University Procurement Services Procedures Manual](#).

H. Receiving

Suppliers may only deliver goods, or provide services to either a University address or other University-approved location. Circumstances where a unit must create a formal receipt are set forth in the [University Procurement Services Procedures Manual](#).

I. Invoicing

University Procurement Services is responsible for processing the payments for goods and services to suppliers in compliance with University policies and standard processes, external regulations, and legal requirements. Suppliers must send invoices directly to the Accounts Payable location as directed in the applicable Purchase Order. Invoice approvals are required in accordance with procedures set forth in the [University Procurement Services Procedures Manual](#). When a University unit approves an invoice or payment, the unit is attesting that it has received the goods or services; that the payment amount is correct; that the payment should be made; and that the payment is business appropriate.

J. Payment

- **Methods of Payment.** University Procurement Services shall facilitate approved payments to suppliers, for goods provided or services rendered, through various mechanisms, including, but not limited to: checks; electronic payments (ACH); wire transfers; journal entries, and Purchasing Cards (PCard). Payments shall be processed in accordance with procedures set forth in the [University Procurement Services Procedures Manual](#).
- **Taxes.** University procurements are not subject to New Jersey sales and use taxes when used for educational and charitable purposes. Certain other states also honor this or have an equivalent rule.

K. Records Maintenance

- **Records Retention.** Rutgers must maintain records sufficient to detail the history of procurements. These records will include but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, supplier selection or rejection, and the basis for the contract price. When purchasing with sponsored funds, the retention requirements may be longer than Rutgers' standard records retention policy.
- **Open Public Records Act.** Rutgers is committed to working with the State of New Jersey to promote a transparent process. Rutgers procurements are subject to the Open Public Records Act.
- **Audits.** All University procurement transactions, including supporting documentation, are subject to audit for compliance with University policies and regulations. In the case of federally funded programs or projects, there may be times when a federal granting agency (or other entity) wishes to review documentation related to the procurement transaction, including but not limited to solicitation documents, bid waiver justifications, and contracts.

L. Ethical Conduct

Care must be taken to avoid the intent and appearance of unethical practice in relationships, actions, and communications. All procurement activities conducted on behalf of the University must be in compliance with the standards outlined in federal, state and local laws; University policies; and the [University Procurement Services Procedures Manual](#). University Procurement Services may require individuals involved in supplier proposal evaluations, or contract activities, to sign confidentiality agreements and/or conflict of interest disclosures.

- **Confidentiality.** University employees must handle confidential or proprietary information with due care and proper consideration of ethical and legal ramifications and governmental regulations. University employees may not tell outside parties the prices, terms, or conditions quoted by other suppliers.

- **Individual Conflicts of Interest.** The University is particularly diligent before entering into procurement contracts with its employees, their family members, or any other individual who would be perceived as having a potential conflict. Situations in which a supplier affiliated with a University employee is seeking a contract with the University to provide the same or similar services that the employee provides in his or her position as a University employee require special attention because of the high risk of a conflict. University employees should not make purchasing decisions or otherwise influence the University's decisions to do business with any supplier affiliated with the University employee, a relative of the University employee, or any other individual who would be perceived to have a potential conflict, including participation in the selection, award, or administration of a contract if they have a real or apparent conflict of interest.
- **Organizational Conflicts of Interest.** Rutgers will avoid organizational conflicts of interest wherever possible. Organizational conflicts of interest mean that because of relationships with an affiliate or subsidiary organization, Rutgers is unable, or appears to be unable, to be impartial in conducting a procurement action involving a related organization.
- **Unauthorized Purchases.** University employees shall not purchase goods or services, nor commit Rutgers to the purchase of goods or services, without processing the procurement request through an approved University Procurement Services process. Procurements that bypass University Procurement Services may expose Rutgers and the requesting unit to unnecessary liability and legal costs. Procurements, unless specifically exempted, that bypass University Procurement Services will not be processed by University Procurement Services unless good cause is demonstrated. A University employee who makes an unauthorized purchase may have their purchasing responsibilities suspended or revoked, may face additional disciplinary action, and may be held personally liable for any charges incurred.

M. Inquiries

For details regarding this Procurement and Payment Policy and the [University Procurement Services Procedures Manual](#), please see the [University Procurement Services](#) website, email University Procurement Services at procure@finance.rutgers.edu, or call the University Procurement Services Help Desk at 848-932-4375.