STANDARD OPERATING PROCEDURE:

2.0 SUPPLIER MANAGEMENT

\textit{This procedure is in accordance with Procurement and Payment Policy 20.1.11.}

\textbf{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. University Procurement Services 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.

\textbf{Procedure Outline}

\begin{itemize}
  \item 2.1 New Supplier Set Up
  \item 2.2 Supplier Record Maintenance
  \item 2.3 Prospective Suppliers
  \item 2.4 Supplier Ethics
  \item 2.5 Debarred Supplier List
  \item 2.6 Supplier Diversity Program
  \item 2.7 Federal Contracting and the Small Business Contracting Plan (SBSP)
  \item 2.8 Sustainability
  \item 2.9 Supplier Management Post Contract Award
\end{itemize}
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 University Procurement Services 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.

**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.

**RU Marketplace:** RU Marketplace is 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 department that processes all procurement transactions including requisitions and invoices, facilitates the formal bid process, and negotiates and manages contracts.

**W-8 Form:** A 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:** A request for a taxpayer identification number and certification. 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, a supplier must go through an approval process by University Procurement Services. If the supplier is already established in RU Marketplace, the supplier has been approved. A supplier must be set up whether they are an individual, LLC, partnership, or sole proprietorship (see New Supplier Request Process Instructions). 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.

1) **Required New Supplier Set-up Information and Documents** - If there is no supplier record in RU Marketplace, the unit will need to fill out and submit a New Supplier Request Form.

   The required information includes:

   - Name
   - Address
   - Tax ID/SSN number
   - Phone number
   - Fax number
   - Email address
   - Signed W-9 (US entity) or W-8 (foreign entity)

2) **New Supplier Screening** - New Supplier Request will be routed to University Procurement Services who will perform a general screening that includes:

   - Confirming the tax identification number valid
   - Confirming the supplier is not on the debarred supplier list (see SAM.gov)
   - Confirming the supplier is not a current employee of Rutgers
   - Confirming the supplier record does not already exist

   Once the screening process is complete and no issues are discovered, the supplier record will be added to RU Marketplace. If an issue is discovered or a supplier appears on the debarred list, a member of the University Procurement Services will contact the requesting unit.
2.2 Supplier Record Maintenance

From time to time, updates to a supplier record will be required. Units should request changes to a supplier record by submitting a Supplier Maintenance Form in RU Marketplace and following the instructions on the form. See Supplier Maintenance Request Process Instructions.

Typical changes include:

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

If the supplier tax identification number is changing, a new supplier record will need to be entered. The old record will be de-activated once the new record has been entered. The unit will need to provide the new signed W-9 or W-8.

University Procurement Services will also check the debarred list prior to approving any change request. If the supplier appears on a debarred/excluded parties list, the request will be rejected and returned to the unit. University Procurement Services will then need to take further action.

2.3 Prospective Suppliers

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

1) Contact the appropriate category manager to introduce the company, who will forward any information to the appropriate category analyst.

2) Complete and submit a supplier registration form on the University Procurement Services 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.

University Procurement Services 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. University Procurement Services 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 University Procurement Services:

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, University Procurement Services 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 percent 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 University Procurement Services 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, University Procurement Services 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, University Procurement Services:

• 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, University Procurement Services:

• 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

University Procurement Services monitors selected major contracts to ensure compliance to all pricing, terms and conditions. In addition, University Procurement Services 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)

University Procurement Services 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

**Campus Instructions**
- New Supplier Request Process Instructions
- Supplier Maintenance Request Process Instructions

**Process Flowchart**
- Supplier Management

Revisions

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