

Purchasing Policies

Authority This Guide Memo was approved by the Provost.

Summary This Guide Memo serves as an introduction to Chapter 5. It covers general policies for the purchase of major and minor construction, equipment, supplies and services by Stanford. The policies in this chapter do not apply to the SLAC National Accelerator Laboratory (SLAC).

Section headings for this Guide Memo are:

1. AUTHORITY TO COMMIT UNIVERSITY MONIES
2. COMPETITION
3. CONFLICT OF INTEREST AND ETHICS
4. ON-CAMPUS SOURCES OF GOODS AND SERVICES
5. PURCHASES ON GOVERNMENT GRANTS AND CONTRACTS
6. GOVERNMENT-REQUIRED LICENSES AND PERMITS
7. SHIPPING OF BIOLOGICAL AND HAZARDOUS MATERIALS

1. AUTHORITY TO COMMIT UNIVERSITY MONIES

The Board of Trustees of the Leland Stanford Junior University, which has responsibility for all University funds, including those received under grants and contracts and those originating with other outside sources, has delegated authority for the acquisition and disposition of property and the expenditure of University monies to various University officers and officials (see Guide Memo 36, Authorizing Expenditures, at <http://adminguide.stanford.edu/36.pdf>).

- a. **Department Administrators** – Department administrators in Schools and Departments have the authority to approve the commitment and expenditure of funds for a given purpose, and against specific accounts for which they have been delegated authority officials (see Guide Memo 36 at <http://adminguide.stanford.edu/36.pdf>). For the purposes of this Guide Memo, this action usually takes the form of a Purchase Requisition.
- b. **Purchasing & Contracts Office** – The Purchasing & Contracts Office is authorized to execute contracts and place orders for goods and services, subject to the receipt of a Purchase Requisition (see [1.a.] above). With the exception of certain delegations, the Purchasing & Contracts Office is the sole holder of this authority at the University.
- c. **Purchases by University Departments** – The Purchasing & Contracts Office has delegated authority to departments to work directly with suppliers in the acquisition of goods or services when the total dollar value of the transaction is less than \$2,500 per transaction. See Guide Memo 54.4, Rapid Purchase Orders (http://adminguide.stanford.edu/54_4.pdf) and Guide Memo 54.5, Purchasing Cards (http://adminguide.stanford.edu/54_5.pdf).
- d. **Unauthorized Purchases** – No person not authorized in writing by Stanford may commit Stanford funds to purchase goods or services. If an unauthorized person attempts to commit University funds, Stanford may consider the acquisition effort null and void and decline to pay any invoice that might be issued. Stanford officers, including the Chief Financial Officer, the Chief Purchasing Officer, and those to whom the Chief Purchasing Officer has delegated authority, including operations managers, supervisors and buyers, may refuse to ratify such transactions. In such a case, the supplier may look to the individual placing the order for payment or reimbursement.

- e. **Personal Expenses:** Personal expenses and purchases that are not made on behalf of the University or for use by the University are not permitted. These may be considered fraudulent transactions. Purchases must be for the use and benefit of Stanford University, regardless of intent to reimburse Stanford. If any Stanford user associated with the purchase commits purposeful fraudulent or other inappropriate behavior regarding the proper use of the requisitioning and purchasing process, it will be considered serious misconduct and will result in disciplinary action.

2. COMPETITION

The University's policy is that acquisition of products or services will be by competition between potential suppliers, to the maximum practical extent subject to the requirements of quality, price and performance. When a department needs to use a single or sole source in the acquisition of a product or service with a cost of \$5,000 or more, a written source justification is required. ("Single source" means other sources are available but the requisitioner chooses to use only one particular source. "Sole source" means that no other sources, other than the one recommended, are available.) The source justification should include the following information:

- A specific description of the supplies or services required to meet the needs, and a statement of facts that show the unique qualifications of the services or items selected to satisfy those needs.
- A description of efforts made to locate other sources of supply.
- Documentation that the anticipated cost is fair and reasonable. This can be a comparison of prices when the item is generally available or, when the item is to be specially fabricated, an analysis of the manufacturer's cost.
- Any other information supporting the use of other than full and open competition.

3. CONFLICT OF INTEREST AND ETHICS

- a. **Policies** – All procurement activities must conform to the University Code of Conduct (Guide Memo 1, <http://adminguide.stanford.edu/1.pdf>), Staff Policy on Conflict of Commitment and Interest (Guide Memo 15.2, http://adminguide.stanford.edu/15_2.pdf), and Faculty Policy on Conflict of Commitment and Interest (Research Policy Handbook 4.1, <http://www.stanford.edu/dept/DoR/rph/4-1.html>). Any known or apparent violation of these policies, whether by an employee or a supplier, must be immediately reported as directed in these policies.
- b. **Personal Purchases** – Purchasing & Contracts Office does not arrange personal purchases for Stanford faculty, staff or students. The Buyer can render assistance to such individuals only by informing callers of the names of known suppliers. The buyer will spend no time locating suppliers or securing quotations. Similarly, a department may not place an order for an individual employee or student and then have that person reimburse the department.

4. ON-CAMPUS SOURCES OF GOODS AND SERVICES

Stanford provides many goods and services on campus for less than an individual order placed off-campus would cost. A department needing a product or service provided by a Stanford source should order from a Stanford organization that provides it. If the Purchasing & Contracts Office receives a requisition from a department for an item available at Stanford, the buyer may forward the requisition to the appropriate Stanford organization or require the department to place an order that can be processed without the assistance of a buyer.

5. PURCHASES ON GOVERNMENT GRANTS AND CONTRACTS

Stanford University receives many government grants and contracts for academic research. In carrying out its sponsored projects, Stanford fulfills the agreement's conditions, some of which are stated in the sponsored project agreement, others in statutes, regulations and policy statements.

- a. **Terms and Conditions** – A grant or contract often requires Stanford to include certain contractual clauses in purchase orders or subcontracts issued under the award. The Purchasing & Contracts Office determines which contractual clauses are appropriate for inclusion in individual contracts.

Stanford's purchasing policy and legal requirements to include such clauses in purchase documents are among the reasons why departments should not place their own orders with suppliers, except as authorized in this guide memo.
- b. **Prior Approval** – If a government sponsored project agreement is a funding source, a government representative may be required to approve a proposed purchase of capital equipment or complex goods or services before the buyer places the order. See the Property Administration Manual, <http://ora.stanford.edu/ora/pmo/manual/default.asp>, for prior approval procedures.
 - (1) **Offices Needing Documentation** – The requesting department is responsible for maintaining records of approval documentation. When required, Purchasing or Accounts Payable may request copies of such documents.
 - (2) **Subcontracts** – If the purchase requires government approval of subcontract provisions, the buyer will obtain necessary approval and keep it in the Purchasing & Contracts Office files.
- c. **Pre-Acquisition Screening** – The U.S. Government Office of Management and Budget Circular A-110 and other government regulations that cover the administration of agreements with federal government agencies require that Stanford screen the existing inventory of capital equipment for availability before ordering capital equipment to avoid purchasing “unnecessary or duplicative items.”
 - (1) **Screening Levels** – The department making the purchase must screen for items of equipment costing between \$5,000 and \$24,999 at the departmental level before purchase, and items at \$25,000 and above at the University level. Equipment costing less than \$5,000 need not be screened.
 - (2) **Loans and Transfers** – Government policy encourages loans or transfers of equipment from other government projects.
 - (3) **Where to Get Help** – For information on screening procedures, see the Property Administration Manual, <http://ora.stanford.edu/ora/pmo/manual/default.asp>.

6. GOVERNMENT-REQUIRED LICENSES AND PERMITS

Certain transactions require permits or licenses from the federal government. Stanford's customs broker and preferred vendor for outside logistics services provide consultation and assistance as necessary. The Purchasing & Contracts Office will provide contact information for current vendors on request. The permits or licenses most frequently required to transact business are:

- a. **Agriculture Permits** – The Department of Agriculture issues permits for import of certain organisms and biological vectors. The requesting department is responsible for obtaining a permit for each shipment or group of related shipments. The form required by the USDA is VS 16-3.
- b. **Import or Export Licenses** – The Department of Commerce or the U.S. Department of State issues licenses for either export or the importation of equipment or technical data. The requesting department is responsible for obtaining and/or signing the required license.
- c. **Duty Free Entry of Scientific Equipment** – The U.S. Department of Commerce may exempt payment of import duties for scientific equipment. Each department requesting such exemption is responsible for filling out the appropriate paperwork. The form required is ITA-338P.
- d. **Radioactive Materials** – A requisition for radioactive materials must contain a Controlled Radiation Authorization (CRA) number (obtainable from Health Physics) before Purchasing processes the order.

7. SHIPPING OF BIOLOGICAL AND HAZARDOUS MATERIALS

Shipping is one of the services that may be purchased with Stanford funds and is subject to the policies of this guide memo as well as to the following training and certification requirements in the case of biological and hazardous materials. The United States Department of Transportation and the Federal Aviation Administration enforce strict and detailed regulations to assure the safety of aircraft and other modes of transportation for hazardous materials or "Dangerous Goods". Dangerous Goods include, but are not limited to those that are flammable, combustible, corrosive, reactive, oxidizing, toxic, radioactive, infectious, elevated in temperature, highly magnetic, or compressed gasses. Aerosol cans and Dry Ice are also regulated. Violations may result in monetary penalties.

- a. Training - The person(s) packing the material and/or signing the shipping papers must be trained and certified in the shipping of Dangerous Goods. The training and certification must be repeated within every two year period.
- b. Where to Get Help - The Environmental, Health and Safety Department offers training and has a certified shipper on staff. EH&S personnel are available and ready to help prepare any Dangerous Good for shipment. For web-based information, go to:
<http://hazardousmaterialshipping.stanford.edu>.