

Procurement Relationships

Authority This Guide Memo was approved by the Provost.

Summary This Guide Memo describes the organization of the Procurement Department and its relationships with other administrative departments, both within and external to Stanford. Section headings are:

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1. PROCUREMENT ORGANIZATION
2. OTHER CENTRAL OFFICES
3. DEPARTMENTAL ADMINISTRATION
4. U.S. GOVERNMENT

1. PROCUREMENT ORGANIZATION

The Procurement Department reports to the Vice Provost for Budget & Auxiliaries Management. Component groups are described below.

- a. **Central Purchasing Group** – Central Purchasing is responsible for acquisition of a wide variety of products and services. The group is divided into four teams: General Buying, Laboratory Buying, Computer Buying, and Campus Wide Agreements. Procurement buyers' responsibilities include maintaining lists of prospective and approved vendors, soliciting bids or proposals, negotiating price and terms and conditions of purchase, selecting suppliers and issuing purchase orders. Procurement Assistants work with buyers and perform a variety of procurement administrative functions.
- b. **Contracts Office** – The Contracts Office is responsible for negotiating, writing and executing written contracts. Contract specialists negotiate and write consulting agreements, sponsored project subcontracts, repair and construction agreements, architectural, engineering and other services agreements and service order agreements. Procurement Assistants work with the contract specialists and perform a variety of administrative support functions.
- c. **Procurement Systems** – The University has implemented the Oracle Financials systems to manage its financial transactions. All acquisition transactions, including purchase requisitions, reimbursement requests, purchase orders, invoices, and payments must be entered in the Oracle Financials system. This system is referred to simply as "Oracle Financials" elsewhere in this and other Guide Memos.

2. OTHER CENTRAL OFFICES

- a. **Controller's Office** – The Controller's Office is responsible for ensuring payment procedures have been followed and suppliers of products or services are paid. The Controller's Office also establishes policy regarding sales and use taxes and ensures their collection and remittance.
- b. **Internal Audit** – Internal Audit conducts periodic reviews of the Procurement organization and facilitates external audits, as required. Staff of both offices work together to implement Internal Audit's recommendations. Procurement may participate in audits of other departments if the audit involves one of Procurement's functions.
- c. **Office of Sponsored Research (OSR)** – OSR has primary responsibility for negotiation and administration of contracts and grants between Stanford and outside sponsoring agencies, including the federal government. OSR's responsibilities include signing, on behalf of the University, various certifications required by federal or state agencies, including the Certification of Compliance form from suppliers or vendors. Procurement and OSR confer on award document provisions that affect either the contracting process, subcontracting under private or federal prime contracts, or University compliance with federal regulations, such as Public Law 95-507 or other socio-economic provisions.

- d. **Property Management Office (PMO)** – The Property Management Office is responsible for developing, implementing and maintaining the equipment inventory system. PMO reviews capital equipment acquisitions and surplus property sales requests for conformance with University property procedures.

Surplus Property Sales sells surplus equipment and material to Stanford departments, employees, students and the general public. See Guide Memo 56, <http://adminguide.stanford.edu/56.pdf>, for more information.

- e. **Capital Planning and Management (CP&M)** – CP&M is responsible for major construction project management and project administration. Procurement is responsible for the commercial aspects of contract negotiation, contract execution and contract administration for CP&M.
- f. **Facilities Operations (FO)** – The Contracts Group negotiates Service Order Agreements for FO. A Service Order Agreement enables FO to deal directly with contractors for repairs, maintenance, and minor construction for Stanford structures, systems, and grounds.
- g. **Diversity & Access Office** – The Diversity & Access Office and Procurement work together to fulfill federal data-gathering and data-furnishing responsibilities related to equal opportunity, affirmative action, and utilization of small, minority-owned, and women-owned business and businesses owned by physically handicapped people.
- h. **Risk Management** – Risk Management assists departments with claims over \$1,000 for damaged or lost goods.

3. SCHOOL AND DEPARTMENT ADMINISTRATION

- a. **Planning** – To facilitate negotiation with vendors on price agreements, Procurement encourages schools and administrative areas to provide the Director of Procurement with a long-range forecast of anticipated acquisitions during annual budget formulation.
- b. **Order Management** – The University department initiating an order is responsible for the following:
- Timely acknowledgment of receipt or acceptance of goods or services, including entry of receiving information in Oracle Financials.
 - Timely notification of Accounts Payable in cases of disputes which might require withholding of payments from a supplier.
 - Monitoring department and supplier performance in accordance with the terms of the contract or order.
 - Notifying Procurement in the event of inadequate performance or nonperformance by a supplier.
- c. **Permits and Licenses** – The department is primarily responsible for signing or obtaining necessary permits or licenses in support of the acquisition of products, i.e., import licenses, U.S. Department of Agriculture permits for importation of a biohazard, etc. (see Guide Memo 51, <http://adminguide.stanford.edu/51.pdf>).
- d. **Logistics** –
- (1) **Packing and Shipping Off-Campus** – The department is responsible for packing items for shipment. The person(s) packing and/or signing the shipping papers for any “Dangerous Goods” including Dry Ice, must be trained and certified. The training and certification must be repeated every two years. For further information and assistance, go to: <http://hazardousmaterialshipping.stanford.edu>
 - (2) **Loss or Damage Claims** – The department is responsible for asserting any claim for damaged or lost goods. (Procurement and Risk Management may be available to assist; see Guide Memo 28.5, http://adminguide.stanford.edu/28_5.pdf, and Guide Memo 54, <http://adminguide.stanford.edu/54.pdf>).

4. U.S. GOVERNMENT

- a. **Office of Naval Research (ONR)** – The Office of Naval Research has cognizance for administration of most Department of Defense and NASA contracts at Stanford. Procurement works closely with ONR for any necessary approvals on government subcontracts. ONR conducts a periodic review of Stanford's Procurement system and Procurement works with ONR to implement recommendations made.
- b. **Defense Contract Audit Agency (DCAA)** – The Defense Contract Audit Agency conducts periodic audits of Stanford's Procurement system. As with ONR's annual audits, Procurement works with DCAA to implement any recommendations.
- c. **Small Business Administration (SBA)** – The SBA has responsibility for reviewing Stanford's activities under government regulations for doing business with small business and other targeted concerns (see Guide Memo 58, External Affirmative Action, <http://adminguide.stanford.edu/58.pdf>). SBA visits Stanford periodically and examines supplier selection and subcontract award practices, particularly under government contracts for which Stanford has submitted subcontracting plans.