

Policy 3201 General Purchasing

Responsible Office	Procurement	Effective Date	7/1/98
Responsible Official	Executive Director of Procurement	Last Revision	11/15/00

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Scope

This policy defines the process for procuring all goods and services at Yale University, including issuance and authorization of purchasing transactions, secondary authorizations, separation of duties, and ethical practices. Purchases not covered by this policy include investment management services, restricted items (see Policy [3220](#)), consultant services (see Policy [3210](#)), insurance, employee travel and entertainment costs, legal services, employee benefit programs, construction contracts and real estate.

Policy Statement

Employees authorized to purchase goods and services on behalf of the University should select the best combination of price, quality and service to meet the specific needs of the programs. The lowest priced goods and services, with adequate quality and service for the specific need, should be selected. Individuals authorized to purchase goods and services must follow federal procurement requirements and the good business practices described in the sections of this policy. The Purchasing Department within the Procurement Office is responsible for purchasing activity throughout the University. The procurement of all goods and services for the University will follow the elements of this policy, as well as those defined in the following policies:

- Policy [3205](#) Vendor Selection
- Policy [3210](#) Contracting for External Consultants
- Policy [3220](#) Purchases of Restricted Items
- Policy [3240](#) Receipt of Goods & Services
- Policy [3401](#) General Payment Policy.

Authorized individuals may use one of seven methods to purchase goods and services, depending on the item being purchased and the size of the transaction. These seven include:

- release against a contract
- purchase order
- purchasing credit card
- Internal Service Provider request
- department order placed directly with vendor for eligible goods and services
- petty cash
- check request or employee reimbursement request (see Policy [3401](#)).

Preferred purchasing methods, as shown in the [Purchasing Matrix](#), should be used unless circumstances dictate otherwise. In most cases, releases against contracts are the most cost effective method of purchase and should

be used whenever possible. The purchasing card, department order and petty cash are effective for smaller dollar purchases.

Generally, purchases of greater than \$2,000 should be initiated as a release against a contract, or as a requisition for a regular purchase order.

Reason for the Policy

This policy seeks to establish a consistent procurement process that is in accordance with federal and state laws and good business practices. Use of preferred vendors and purchasing methods as set forth in this policy maximizes the University's buying power and enables the University to obtain competitive pricing and enhanced services from vendors.

Definitions

Acknowledgment

A vendor's confirmation of a purchase order that is a legal contract between the University and the vendor. When and if an acknowledgment is used, the acknowledgment may take precedence over an existing purchase order. Any difference between the purchase order and the acknowledgment must be negotiated with the vendor by the buyer, resulting in a change to one or both documents.

Business Support Center

An organization supporting the business functions of one or more departments, and staffed with trained professionals responsible for aspects of the procurement function. A center will incorporate but may not be limited to a requisition processor, a certified buying agent, a purchasing approver and an individual with reporting and customer support responsibilities.

Contract Order

A long-term agreement with a single vendor that allows for negotiated pricing and associated price breaks. Contracts are based on agreements negotiated by the Purchasing Department on behalf of the University at large or for individual departments (the latter is referred to as a department contract order). A contract order does not necessarily include a commitment for defined items at defined prices.

Department Order

An order initiated by a department directly with a vendor for goods and services up to the dollar limit specified in the [Controller's Office Annual Fact Sheet](#), except those goods and services restricted to the Purchasing Department (see below), and those under Policy [3220](#) Purchases of Restricted Items. A department order does not involve the Purchasing Department and does not generate a regular purchase order. Vendor invoices for department orders are to be sent directly to the department that placed the order.

Procurement Office

The office responsible for the purchase of, and payment for, goods and services. The Procurement Office includes the Purchasing Department, the Vendor Compliance Unit, the Accounts Payable Department, and the Electronic Commerce Office.

Purchase Order (PO)

An offer to purchase and a legal commitment to supply the University with goods and services. The regular purchase order is generally used for the one time purchase of known goods and/or services. The PO must include the following essential pieces of information: purchase order identification number, description of goods and services ordered; requisitioner name and location, delivery instructions, charging instructions, the costs of goods and/or services, and the terms and conditions of the order. The PO must specify a delivery date and a vendor.

Purchasing Card

A MasterCard credit card issued to Yale by BankOne and assigned to an individual employee authorized by his or her department to purchase certain commodities up to the established limit of the card.

Release (against a Contract Order)

A release references a previously negotiated agreement with a vendor and requires all of the same information as specified on a purchase order.

Requisition

The source document for purchase orders and releases. Requisitions provide a description of customer requirements and are approved by an individual authorized to commit University funds. Requisitions submitted electronically must be appropriately authorized in the originating department prior to arrival in the Purchasing Department. The requisition must include a clear description of the goods or services to be ordered, valid charging instructions and delivery instructions, and may include a vendor preference.

Strategic Vendor Agreements

A long-term agreement with a preferred vendor for a range of products or services. These contract orders are negotiated by the Purchasing Office, and are designed to provide the best price, quality, and service for the needs of the University.

Vendor Compliance Unit

A unit within the Procurement Office that is exclusively responsible for the integrity of the vendor database.

Policy Sections

3201.1 Issuance and Authorization of Purchasing Transactions

A. The Purchasing Department

The Purchasing Department oversees the University's purchasing process to secure the best price, quality, and service for the required goods and services based on the needs of the University's programs, and to promote compliance with University policy, and with federal and state laws. This is accomplished, in part, by coordinating and establishing strategic vendor agreements and other contracts to handle high volume transactions.

The Purchasing Department is responsible for issuing all purchase orders not specifically delegated to others within this section of the policy. Most delegations are for transactions up to a specific dollar limit. However, certain goods and services are excluded from these delegations. The following goods and services may only be purchased by the Purchasing Department and those specifically identified below:

Good or Service	Authorized Purchasers are Purchasing Department and:
Alcohol for research (purchased under license, held by stockroom manager and released per department request)	Traffic, Receiving and Stores
Animals and animal cages for YARC (see Policy 3220 Purchases of Restricted Items)	Yale Animal Resources Center
Architectural and engineering services	Facilities
Boats	Purchasing Department only
Biological hoods (see Policy 3220 Purchases of Restricted Items)	Purchasing Department only
Contractors	Facilities
Construction	Facilities
Consultants/independent contractors over \$25,000	(see Policy 3210)
Equipment maintenance	Department administrators on strategic vendor agreements up to authorized transaction level
Equipment that is leased or rented	Purchasing Department only
Financed agreements	Purchasing Department only
Fuel (oil and natural gas)	Purchasing Department only
Furniture, carpeting and window coverings	Certified buying agents and department administrators on strategic vendor agreements up to authorized transaction level.
Hazardous materials, including radioisotopes (see Policy 3220 Purchases of Restricted Items)	Purchasing Department only
Pharmaceuticals and controlled substances (see Policy 3220 Purchases of Restricted Items)	Purchasing Department only
Telecommunications services and equipment	ITS, Telecommunications

For the instances listed above, the method of purchasing will be either a purchase order or a release of a contract order as defined in the definitions section of this policy.

The Purchasing Department alone is authorized to create contract orders and strategic vendor agreements, except as delegated in 3201.1B.

B. Certified Purchasing Delegations

The purchase of the following goods and services is delegated to these departments for purchases in their department:

1. Department of Dining Halls, for food and food service equipment (excludes the Medical School);

2. University Library and Museums, for books and other items for University collections;
3. Office of Facilities for:
 - a. various non-capital goods and services and physical plant goods and services as specified for building repair, alterations, safety and maintenance projects;
 - b. contracts for architectural, engineering, construction and related consulting services, as well as for capital and specific non-capital construction projects, renovations and alterations.
4. ITS, Telecommunications for telecommunications services and equipment, including telephone lines – voice & data, cellular and 2-way radio, long distance, telephone calling cards, pagers, yellow and white pages listings, voice mail, answering service, telephone sets & equipment, conference calling and videoconferencing.

These departments are authorized to create departmental contract orders for the goods and services delegated to them.

C. General Departments

1. **Purchase requisitions:** Requisitions may be initiated by any employee or student of the University, but must be authorized by a department administrator or business support center director (or their designee) prior to receipt in the Purchasing Department. Requisitions over \$100,000 must be authorized by the department chairperson or director.
2. **University contract orders:** Department administrators (or their designees) may issue a release for goods and services for items available under University contract orders, as posted on the Purchasing - [web site](#), subject to the terms and conditions of the individual orders, up to the dollar limits specified in the [Controller's Office Annual Fact Sheet](#).
3. **Departmental contract orders:** Department administrators (or their designees) may issue a release against an established departmental contract order up to the amount designated on that order.
4. **Department orders:** Department administrators (or their designees) may purchase items and services directly from a vendor up to the dollar limit specified in the [Controller's Office Annual Fact Sheet](#), except those items and services restricted to the Purchasing Department (see above), and those under Policy [3220](#) Purchases of Restricted Items.
5. **Purchasing card:** Individuals authorized to use the University Purchasing Card may purchase goods and services covered by that card in amounts up to the limit of the individual's card.

In each case, full authorization and complete accounting integrity of individual transactions are the responsibility of the originating departments. To comply with this policy, all delegations must adhere to Policy [3205](#) Vendor Selection, and sub-sections 3205.4A (Cost/Price Analysis and the Concept of Reasonableness of Cost) and 3205.4B (Single/Sole Source Justification). Additionally, documentation of proof of delivery and authorization to pay invoices must be followed to ensure goods and/or services are procured in accordance with University policy. (See Policy [3240](#) Receipt of Goods and Services, and Policy [3401](#) General Payment Policy)

D. Vendor Compliance Unit

The Vendor Compliance Unit within the Procurement Office is responsible for setting up, changing, approving and deleting all vendors in the University's vendor database.

3201.2 Secondary Authorizations

Requisitions

Requisitions with an aggregate value equal to or greater than \$100,000 must be approved by:

- the Associate Vice-President for Finance, or
- the Financial Director of Sponsored Programs, for transactions charged to a grant or contract.

Purchase Orders

Purchase orders with an aggregate value between \$25,000 and \$250,000 must be approved by an Associate Director of Purchasing.

All purchase orders with a value greater than \$250,000 must be approved by the Executive Director of Procurement.

Prepayments

Requisitions that require prepayment of all or part of the purchase price must be approved by an Associate Director of Purchasing for transactions less than or equal to \$25,000, and by the Executive Director of Procurement for transactions greater than \$25,000.

3201.3 Separation of Duties

Good business practice separates the duties of purchasing, receiving and authorizing payment for goods and services by distributing the duties among two or more people. Departments are expected to assign duties accordingly. If staff limitations require one person to be responsible for these functions, a supervisor must accept responsibility for monitoring and verifying the transactions.

3201.4 Ethical Practices

1. All authorized delegations defined in Section 3201.1 will observe ethical purchasing practices as defined by the National Association of Educational Buyers [Code of Ethics](#) and good business practices. Buyers and certified buying agents are required to sign the Code of Ethics in acceptance of their responsibilities.
2. When discussions arise between vendors and other University departments, all personnel involved in the procurement process will only discuss the specifics of applicable policies and standard procedures as they impact specific orders.
 - To protect a vendor's right to confidentiality and the University's access to the lowest prices, competitive vendors must not be told the prices, terms and conditions quoted by other vendors. Requisitioners are asked to respect the same degree of confidentiality.
 - Buyers and certified buying agents or members of their immediate family may not accept personal gifts or entertainment from any vendor by any means, directly or indirectly, at any time of the year. This includes but is not limited to items of value, quasi-social invitations, credits for vendor promotions, etc.
3. A business meal may not be paid for by a vendor except in the following situations:
 - When individuals authorized to issue purchase orders visit the vendor's business as part of an investigation of a vendor's capability to service the University, or to review a new product or new facilities, or
 - When individuals perceive that continuing discussions with a vendor through mealtime has particular merit, they may continue the meeting at the expense of the vendor or the expense of the authorized employee. Individuals authorized to incur meal expenses will receive reimbursement from the department's budget. Repetitive mealtime meetings should be discouraged.
4. All personnel involved in the procurement process who place purchase orders with vendors that employ members of their families, or in which they or members of their families have a substantial financial interest, must report this information to an Associate Director of Purchasing or to the Executive Director of Procurement prior to placing an order.

5. Any situation that compromises, or appears to compromise, any personnel involved in the procurement process must be reported to an Associate Director of Purchasing.
6. Violation of this policy will lead to disciplinary action, up to and including termination of employment.

Procedures

[3201 PR.1](#) Purchase Requisitions

[3201 PR.6](#) VIP Accounts

[3205 PR.2](#) Bidding and Cost Analysis

[3215 PR.1](#) Purchasing Cards

[3240 PR.1](#) Verifying Receipt of Goods and Services

[3301 PR.1](#) Making Arrangements for University-Related Travel

Related Information

Policy [3205](#) Vendor Selection

Policy [3210](#) Contracting for External Consultants

Policy [3220](#) Purchases of Restricted Items

Policy [3240](#) Receipt of Goods & Services

Policy [3401](#) General Payment Policy

[Controller's Office Annual Fact Sheet](#)

[Procurement web site](#)

[Purchasing Matrix](#)

Contacts

Subject	Contact	Phone
Interpretation of policy	Associate Director of Purchasing	432-9980 or 432-9982
University Purchasing Card	Manager of Electronic Commerce	432-3227
Vendor database addition or change	Vendor Compliance Unit	432-5810 or 432-5060

Roles and Responsibilities

Associate Vice President

Responsible for all University financial and administrative departments; approve requisitions with a value equal to or greater than \$100,000.

Executive Director of Procurement

Oversees all activities within the Purchasing and Accounts Payable Departments, the Vendor Compliance Unit, and the Electronic Commerce Office; approves purchase orders over \$250,000; approves requisitions requiring prepayment of all or part of the purchase price for transactions greater than \$25,000.

Associate Directors of Purchasing

Responsible for daily operations within the Purchasing Department; approve purchase orders with an aggregate value between \$25,000 and \$250,000; approve requisitions requiring prepayment of all or part of the purchase price for transactions less than or equal to \$25,000.

Department Administrator/Business Manager

Issues requisitions and releases against contract orders in conformity with this policy, up to the dollar limits specified in the [Controller's Office Annual Fact Sheet](#).

Vendor Compliance Unit

Maintains the integrity of the vendor database.

Revision History

This revision effective 11/15/00.

Policy 3201 first issued 7/1/98.

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