

Procurement Mechanism Policy

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Last Revision: N/A

POLICY STATEMENT

The following provides policy guidance to faculty, staff, students and others with respect to the use of Purchase Orders and other mechanisms to purchase goods and services on the University's behalf for business purposes.

REASON FOR THE POLICY

The policy ensures that those responsible for purchasing goods and services with University funds utilize the most appropriate mechanism to do so. The policy is designed to maximize the efficiency and convenience of the purchasing process, consistent with good business practices and in full compliance with all applicable federal regulations.

PRIMARY GUIDANCE TO WHICH THIS POLICY RESPONDS

This policy responds to all applicable Federal procurement laws and regulations, including but not limited to OMB Circular A-110 and the Federal Acquisition Regulation (FAR). For a complete listing of purchasing policies that incorporate additional information and links to these federal regulations, see

http://www.columbia.edu/cu/administration/policylibrary/responsible_office/pchs.html.

RESPONSIBLE UNIVERSITY OFFICE & OFFICER

Responsible University Office: Purchasing

Responsible University Officer: Vice President for Procurement Services

REVISION HISTORY

This policy supersedes the following sections of the University Purchasing Guidelines:

Superseded Section No.	Superseded Section Heading
10.07	Check Requests
8.11	Contract/Purchase Order Administration
7.04	Contract Purchase Order
4.02	Delegation of Authority to Departments
4.07	Departmental Authority to Purchase
7.02	EZPO
7.03	Purchase Order
10.01	Purchase Orders Not Required, Purchase Orders, Honoraria
Appendix 6	Delegation Of Authority To Departments For Small Purchases

WHO IS GOVERNED BY THIS POLICY

This policy applies to everyone working at the University, or working on behalf of the University, who purchases goods and/or services with University funds

WHO SHOULD KNOW THIS POLICY

All University employees or others responsible for any aspect of purchasing goods and services on behalf of the University should be familiar with and guided by this policy.

EXCLUSIONS AND SPECIAL CONSIDERATIONS

Not applicable.

POLICY TEXT

I. Authorization to Purchase:

Purchases of goods and services may be approved by those authorized by the University to do so via the DAF authorization process. It is the responsibility of the DAF who is approving such purchases to ensure that the appropriate mechanism, as defined in Section II of this policy, is used for each purchase. .

II. Approved Purchasing Mechanisms:

Purchases of goods and services may be made using one or more of the following approved purchasing mechanisms:

a. Definitions

- i. A Central Purchase Order is a document issued to a vendor by the University Purchasing Office confirming an agreement for the supply of goods and services, such as materials, parts, supplies, equipment, repairs, construction and construction related items, and consultant services. A Central Purchase Order is issued by the Purchasing Office upon receipt of an approved requisition from a requesting department, submission of documentation that supports the purchase request, and subsequent approval of the proposed purchase consistent with University purchasing policy. The Purchase Order obligates the University to pay the specified amount for the specified good or service upon confirmation of receipt or completion in accordance with the Order's terms and conditions. Central Purchase Orders are also a mechanism by which encumbrance information for such purchases are electronically recorded in the University's financial records.
- ii. EZPO: An EZPO is a document issued to a vendor by a school or department confirming an agreement for the supply of certain small purchases of goods without review by the University Purchasing Office. The EZPO obligates the University to pay the specified amount for the specified goods upon confirmation of receipt or completion in accordance with the Order's terms and conditions. EZPO's are also a mechanism by which encumbrance information for such purchases is electronically recorded in the University's financial records.
- iii. Blanket Purchase Order: A Blanket Purchase Order is a blanket order issued to a vendor by the University Purchasing Office for a small number of repetitively purchased goods where it is impractical to issue a separate Purchase Order for each requested delivery, e.g., where a standing, regular delivery of such high

volume items is required. Upon issuance of the Blanket Purchase Order, a department must issue releases to the vendor for delivery of a specified quantity of the goods covered by the Blanket Purchase Order in accordance with the Order's terms and conditions. In general, the number of items covered by a Blanket Purchase Order should not exceed twenty-five.

- iv. Purchasing Card (P-Card): A P-Card is a credit card that authorized University personnel may use to purchase goods and services for use by the University.

b. Choice of Purchasing Mechanism

The following provides general guidance concerning the choice of the appropriate purchasing mechanisms defined above in Section II.a. For commodity specific application of these guidelines, see Section III below.

- i. Central Purchase Orders: Central Purchase Orders must be used to execute most service agreements; and to complete the acquisition or lease of most goods and capital equipment where the agreed price is in excess of \$2,500 and for which a P-Card may not be used. Central Purchase Orders may not be required for certain larger purchases from University-wide Purchasing Agreement (UWPA) and Task Order vendors, and for a small number of commodities and services where the terms and conditions and other controls associated with the Purchase Order are not applicable, as defined below in Section II.b.v. A Central Purchase Order is required in conjunction with the execution of any lease of capital equipment.
- ii. EZPO: EZPO's may be used for small purchases of goods valued from \$501 to \$2,500, where it is not feasible or desirable to utilize a P-Card. EZPO's may also be used for certain larger purchases from University-wide Purchasing Agreement (UWPA) vendors in amounts up to the maximum contract specific dollar threshold specified by the University Purchasing Office. EZPO's transactions for purchases of certain restricted commodities (freezers, radioactive materials) require prior approval from one or more oversight departments, as defined in the University's Purchasing Policy . EZPO's may also be used for unrestricted small purchases of \$500 or less where a vendor requires a written purchase order, or where use of a P-Card is not feasible.
- iii. Blanket Purchase Order: Blanket purchase orders may be used where all of the following conditions apply: 1) the order is for a fixed period; 2) the order is for a specified set of items; 3) the order defines an agreed price for each item; 4) the number of items covered by the order is limited, generally to twenty-five or less; and 4) releases against the order are documented in a manner that allows each release to be tracked, audited, and reconciled to receipt and payment records.
- iv. P-Card: P-Card is the preferred purchasing mechanism for most goods and minor equipment valued at \$2,500 or less, and for certain larger purchases that do not require a Central Purchase Order under this policy. The P-Card is also the preferred purchasing mechanism for small dollar purchases of certain regularly purchased services, and for certain larger purchases from University-wide Purchasing Agreement (UWPA) vendors. For additional policy guidance concerning the use of P-Cards, see

http://www.columbia.edu/cu/administration/policylibrary/policies/pchs/pchs_017.html?base=responsible_office.

- v. Direct Payment By Accounts Payable: Direct Payment By Accounts Payable may be used regardless of dollar value for purchases of goods or services that do not require a Purchase Order of any kind and where another purchasing mechanism is not preferred or required as outlined elsewhere in this Section. Commodity purchases and other transactions that may be paid for via Direct Payment include:
1. Real estate transactions, honoraria, registration fees, membership dues, subscriptions, reprints, printing services, short term rentals of under one year and with a contract cost of less than \$100,000, advertisements, food, catering, and utility payments (e.g., electric, gas, water, telephone, and data services.)
 2. Legal fees approved by the Office of the General Counsel in accordance with University policy. For further information, see http://www.columbia.edu/cu/ogc/policies/ret_out_counsel.htm.
 3. Purchases of non-restricted goods valued at \$500 or less where P-Card is not a viable or desirable option. Restricted commodities are those for which prior approval to purchase must be obtained from one or more oversight departments, as defined in the University's Purchasing Policy. Such restricted commodities include, but are not limited to, radioactive materials, animals, ethyl alcohol, narcotics, and refrigeration equipment and materials. For further information on restricted commodities, see http://www.columbia.edu/cu/administration/policylibrary/responsible_office/pchs.html.
 4. Purchases of construction services of up to \$5,000 pursuant to a Task Order agreement where appropriate internal controls governing releases against the Task Order agreement are clearly documented and subject to regular post-audit^{[hh21432][JE20153]}.
 5. Payments for other goods and services not explicitly covered by Sections IIb.v.1.-4. above and/or the commodity matrix described in Section III below, with the written prior approval of the Executive Director for Purchasing Operations or other authorized officer in consultation with appropriate Accounts Payable personnel. Upon approval of such requests, the commodity matrix will be updated accordingly.

Payment may be made for the above purchases by submitting an invoice or check request directly to Accounts Payable. For further information concerning Accounts Payable policies, see http://www.columbia.edu/cu/administration/policylibrary/responsible_office/acpy.html

III. Matrix of Approved and Preferred Procurement Mechanism(s) by Commodity:

The University Purchasing Office will establish, disseminate and update a commodity matrix consistent with the general guidance provided above in Section II, which indicates the approved and preferred procurement mechanism(s) for each commodity category, as well as the University-wide Purchasing Agreement vendors associated with the category. The designation of each preferred procurement mechanism is determined by several factors, [hh21434]including:

- a. Ensuring that the University's purchasing power is effectively applied in the marketplace to obtain the best possible value for every purchase, with respect not only to price but also to other critical factors including quality, service, warranties, etc.
- b. Minimizing the amount of time and effort required to purchase and pay for the good or service.
- c. Minimizing the level and nature of the risks and obligations assumed by the University as a result of the purchase, including:
 - i. Failure to deliver goods as specified (e.g., warranty related risk);
 - ii. Damage during shipping;
 - iii. Failure to perform as specified and other types of contractual risk (e.g., scope and specification disputes, intellectual property issues, etc.);
 - iv. Regulatory compliance (HIPPA, EPA and other environmental regulations, federal procurement and tax regulations, import/export regulations, etc.)
 - v. General liability, negligence, indemnification, and other insurable risks
 - vi. Failure to comply with the obligations associated with sponsored research and other funding (federal flow down provisions, asset management/property control, SBA business plan, "Buy American" provisions, etc.)
 - vii. Dangerous/controlled substances (hazardous materials, narcotics, chemicals, etc.)
- d. Maintaining proper financial controls and management.

IV. Contract/Purchase Order Authority and Administration:

The University Purchasing Office is designated to make purchases on behalf of Columbia University, as formally delegated by the University Trustees via the University's senior officers in accordance with the University's signature authority policy[JE20155]. The University Purchasing Office is responsible for contract and Purchase Order administration, including the monitoring of vendor performance. Only authorized staff in the University Purchasing Office can sign contracts on behalf of Columbia University. The issuing Department is responsible for maintenance of all EZPO and P-Card related documents associated with purchases it has initiated. The University Purchasing Office is responsible for maintenance of the file for all Purchase Orders, Contract Purchase Orders, Change Orders, contracts, and other procurement documents issued by the Office. See [OMB Circular A-110 § 4.47](#).

V. Delegation to Departments of Purchasing Authority For Small Purchases:

Departments are delegated authority to make small purchases, including the issuance of EZPO's and placement of P-Card orders, in accordance with the other provisions and limitations prescribed by this policy.

VI. Delegation of Purchasing Authority for P-Card Purchases Beyond EZPO Limit:

The University Purchasing Office may delegate authority to schools and departments to place P-Card orders directly with vendors for goods costing in excess of the EZPO limit, but not greater than \$10,000, where the [hh21436]Executive Director for Purchasing Operations certifies on an annual basis that all of the following conditions apply:

- a. The department makes a significant volume of purchases under \$10,000, with a large portion of such expenditures managed by a small number of proposed P-Card holder(s).
- b. The department agrees to the following requirements:
 - i. The proposed P-Card holder(s) have DAF authority for invoice approval of \$10,000 or greater. The transaction limit will be determined by the appropriate Approvers for the Buyer, and can be less than but cannot exceed \$10,000.
 - ii. The department has controls in place governing the approval to place such purchases, which have been documented in advance of such P-Card issuance.
 - iii. The department maintains, and can produce upon request, a file for each purchase that fully and consistently documents the sourcing and receipt of the items consistent with University policy and Purchasing Office procedures.
 - iv. The department retains all documentation relating to such purchases in a central location for a period that is consistent with [hh21437] University policy and Purchasing Office procedures.
 - v. The department consistently seeks to utilize University-wide Purchasing Agreements for purchases wherever feasible, and actively assists the Purchasing Office in developing and improving such agreements.
 - vi. The department actively works to replace those transactions that had previously been managed by EZPOs, Blanket Purchase Orders, or repetitive bill payments (unless the replacement P-Card procedure is not yet functional; once the procedure is functional, transactions should then be managed with the P-Card.)
 - vii. The P-Card holder(s) and approver(s) authorized to make such purchases are familiar with University purchasing policies and procedures, and have agreed to participate in on going training classes, commodity sourcing team meetings, and other sessions administered by the Purchasing Office consistent with the goal of creating a community of departmental buyers that work closely and effectively with Purchasing.
 - viii. Ultimately, the authorization to make P-Card purchases beyond the EZPO limit as outlined above, is provided and continued under the discretion of the Vice President of Procurement Services.
- c. The Purchasing Office will review the procurement practices of departments with such delegated authority on a periodic basis in order to assist them in establishing and maintaining compliance with the requirements outlined in Section 4b. The conclusions of such reviews will help inform Purchasing Office decisions concerning annual certification of the delegation of authority to a school or department.

RESPONSIBILITIES

University Purchasing Office

- The University Purchasing Office is designated to make purchases on behalf of Columbia University, as formally delegated by the University Trustees via the University's senior officers in accordance with the University's signature authority policy. The University Purchasing Office is responsible for contract and Purchase Order administration, including the monitoring of vendor performance. The University Purchasing Office is responsible for maintenance of the file for all Purchase Orders, Contract Purchase Orders, Change Orders, contracts, and other procurement documents issued by the Office

Staff in Schools and Departments Managing Procurement Activity

The issuing Department is responsible for maintenance of all EZPO and P-Card related documents associated with purchases it has initiated.

Executive Director for Purchasing Operations

The Executive Director for Purchasing Operations will certify on an annual basis that those departments who have received authority to make P-Card purchases beyond the EZPO limit are meeting the requirements for participation in that program

Vice President for Procurement Services

The Vice President for Procurement Services is ultimately the person who grants authority to departments to make P-Card purchases beyond the EZPO limit, allows departments to continue in the program, can revoke authority to participate in the program for noncompliance.

DEFINITIONS

University-Wide Purchasing Agreements

A University-Wide Purchasing Agreement (or Services Agreement or Task Order Contract) is a University-wide contract that takes advantage of the University's buying power and ensures that the University through negotiated pricing obtains the best overall value for products and services for which there are repetitive purchases, taking into account pricing structure; quality, delivery and service; support, training, exchange and return policies; compatibility with University systems and technology; financial stability; and other organization requirements.

RELATED POLICIES

P-Card Policy

http://www.columbia.edu/cu/administration/policylibrary/policies/pchs/pchs_017.html

Task Order Policy, Section 1.2 of Appendix 11 of Purchasing Guidelines

<http://cpmnet.columbia.edu/dept/purch/pdf/policies.pdf>

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