



# **NJIT Purchasing Policy**

**Effective June 4, 2018**  
*Includes Community Feedback*

## **I. Policy Statement**

This policy pertains to University faculty, staff, and students who are responsible for the procurement of construction, goods and/or services required to conduct University business. The purpose of this policy is to ensure sound business practices, prudent use of University funds, and compliance with University policies while adhering to all applicable State (N.J.S.A. 18A:64E) and Federal Guidelines (OMB 2CFR200).

### **1. Guiding Principle**

New Jersey Institute of Technology is a public research university, and as stewards of public funds must ensure that all financial transactions are reasonable, appropriate, necessary, and comply with applicable Federal and State regulations, University policies, grant and contract obligations, and donor restrictions. Business transactions need to stand the test of public scrutiny as well as internal and external audits. Purchasing, in collaboration with University departments, is a key administrative function supporting multiple university activities, and will be conducted efficiently and prudently, with attention to timeliness of purchasing activities.

### **2. General Considerations**

This policy is intended to provide guidance for best practices when purchases are made on behalf of the University. All purchases should be made using the University purchasing systems. If necessary, assistance will be provided by the Purchasing Department. Purchases made outside of the University purchasing systems, using personal funds, are not guaranteed for reimbursement, unless complying strictly with “Personal Funds for Procurement” in Section III, nor are they eligible for resolution through the Purchasing Department due to damages, late or lost deliveries.

## **II. Application of Policy**

All faculty, staff and students who commit University funds, regardless of the funding source, as initiator or approver, are expected to perform those tasks as outlined in the [Fiduciary Responsibility Policy](#). Purchases made on behalf of the University should be conducted with the University’s best interests in mind utilizing transparency, inclusiveness, and the competitive bidding process when required. Generally, preferred procurement methods will produce the most efficient, effective, and least costly expenditure outlay to the University. Such preferred procurement methods help the University maximize the cost

benefit of negotiated contracts, realize institutional efficiencies in payment methods, and avoid unnecessary payment of sales tax.

This policy cannot anticipate every situation that might give rise to legitimate business expenses; so in some cases, reasonable and necessary expenses incurred may require additional documentation, explanation, or a higher level of authorization. In the event an expense is not specifically covered by this policy, employees are to comply with the intent of the [Fiduciary Responsibility Policy](#).

Purchases that are solely for personal benefit or for purposes other than those that benefit the University are prohibited.

### **III. Roles and Responsibilities of the Purchasing Department**

The Purchasing Department is responsible for the procurement of construction, goods and/or services required by the University. End users are encouraged to suggest new sources of supply, particularly for unusual or non-standard items.

The University is committed to locating and encouraging small, socially/economically disadvantaged, women-owned and veteran-owned businesses to become suppliers to the University, subject to applicable legal requirements and limitations. University commitment to affirmative action extends to all aspects of its affairs, including the procurement function.

The Purchasing Department will:

- a. Establish organizational procedures to ensure adequate and continuing sources of supplies consistent with legal, budgetary, and delivery requirements of departments and to provide necessary assistance to acquire such supplies and services in a timely and economical basis
- b. Assure compliance with all applicable state and federal laws and University regulations during the procurement process including State safety regulations and requirements.
- c. Ensure that all furniture purchased complies with federal and state regulations for safety
- d. Provide assistance, consultation, and advice regarding all procurement needs of the University
- e. Initiate, conduct and conclude solicitations and negotiations for the purchase of supplies and services for the University
- f. Obligate the University for the procurement of supplies and services
- g. Recommend changes in quality, quantity or kind of material requisitioned and/or suggest appropriate alternatives, as needed.
- h. Review on a regular basis University purchasing procedures and monitor performance and timeliness of the pertinent administrative units.
- i. Initiate periodic meetings with stakeholders (including Deans, Department Chairs, and Principal Investigators of funded research) to receive user feedback on the purchasing process and on the efficiency of the Department.

## **Emergency Procurement**

An emergency is defined as an unanticipated and unavoidable situation which poses an immediate risk to the health, life, property, or environment of the University campus, its employees, students, or live lab specimens. Lack of planning on the part of University faculty, staff, or students does not constitute a procurement emergency.

In the event of an emergency, the Director of Purchasing, Division Head, or area Vice President will make a determination of the existence of the emergency after reviewing supporting documentation justifying the selection of the particular supplier, or the purchase that was made. If it is determined that the most efficient manner of completing the emergency purchase rests with the use of a Dean's, or area Vice President's, University issued credit card, supporting documentation must be submitted in compliance with the reconciliation process as outlined in the Credit Card Procedures document.

## **Procurement Rules:**

1. At or Below Bid Threshold: All purchases at or below the State mandated bid threshold (currently \$27,300 as of the implementation date of this policy, but subject to annual review) are reviewed by the Purchasing Department within two (2) business days of receipt prior to issuing a purchase order, contingent upon all appropriate documentation being on file.
2. Above Bid Threshold: Purchases made that exceed NJIT's State established bid threshold require one of the following:
  - a. Public Bid: An invitation to prospective suppliers of construction, goods and/or services to submit a bid for competitive pricing.
  - b. State Contract/Approved Consortium Contract: A contract that is available to the University, where the State, or an authorized consortium, has already completed the competitive bidding process.
  - c. Sole Source: Where there is only one source of supply (this can be a unique piece of equipment, compatibility with existing equipment, a service that is unique to only one vendor just to name a few).
  - d. Consulting Contract: A formal agreement that includes a detailed scope of work, payment terms and requirements.

## **Personal Funds for Procurement:**

- The University strongly discourages the use of personal funds as a procurement method; such funds should be used only when other, more efficient or less costly procurement methods are unavailable at the time of purchase. While the use of personal funds is NOT a preferred procurement method, it is not prohibited by this Policy and may be necessary in certain situations, based on the facts and circumstances surrounding the purchase. Reimbursements for goods, supplies and/or services are subject to this Purchasing policy and the Business Expense Reimbursement Policy. When using personal funds, and the University's Sales Tax Exemption certificate to purchase on behalf of the University, sales tax exemption

is at the discretion of the vendor and may not be reimbursed by the University.

- All purchasing from personal funds by faculty, staff, and students will be accompanied by email notification to the Department Head or Department Chair as appropriate, prior to or at the time of the purchase.

#### **IV. Purchasing Guidelines for New Vendors**

In order to conduct business with the University, as required by the State of New Jersey, all vendors must provide appropriate documentation. The dollar value of goods and services will determine what documentation is required for new vendors as outlined in the [purchasing guidelines for vendors](#).

The Purchasing Department will conduct the selection of suppliers in accordance with legal requirements and for their ability to serve the needs of the University in an economical and efficient manner and on a continuing basis.

#### **V. Financial Compliance**

NJIT is committed to transparency in the use of funds entrusted to it, and is accountable to numerous constituents for the appropriate and prudent use of funds from various sources.

1. Use of Funds from all Sources: University expenditures must be reasonable in amount, necessary to a legitimate business purpose, appropriate for the circumstances, allowable to the funding source, and when using contracts and grants, allowable to the sponsored project.
  - a. Reasonable – an expenditure is considered reasonable if the nature of the goods or services required reflect the actions of a prudent person under the circumstances.
  - b. Business Related – an expenditure is considered business related if it reflects an ordinary and necessary transaction incurred to conduct University business; the underlying activity is able to bear scrutiny that it is being made to further the mission of the institution related to instruction, research, public service, or supporting administrative functions surrounding these objectives.
  - c. Appropriate – an expenditure is considered appropriate if its purpose supports the mission of the University, and reimbursement for, or direct payment of, the expenditure is not otherwise prohibited by any University policy.
2. Order Splitting: All faculty, staff and students making purchases on behalf of the University must recognize that splitting an order to avoid approval levels and bidding requirements is **prohibited**. Please contact the [Purchasing Department](#) for guidance.
3. Donor Compliance: All faculty, staff and students making purchases on behalf of the University which are sourced by donors must ensure that those purchases comply with the restrictions for use as outlined by the donor.
4. Grant and Contract Funds Compliance: Faculty, staff and students making purchases on

behalf of the University which are grant funded must ensure that those purchases comply with the general rules and regulations governing the [OMB 2CFR 200](#); Office of Management and Budget Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

- For Federal Grants, purchases that fall between \$10,000 and the State established bid threshold require a minimum of three quotations.
  - Some grants, depending on funding source, may require multiple quotations regardless of the dollar value. All University purchases using grant funds must comply with Federal and State regulations, University policies, and grant and contract obligations, terms and conditions.
  - Grants and Contracts may have additional requirements depending on funding source or specific award requirements. Questions about specific grant or contract requirements or restrictions regarding purchases may be addressed to the [Office of Research](#).
5. Department and Division Procurement Compliance: University and departmental leadership bear primary responsibility to ensure procurement methods are appropriate, expenditures are prudent, and that individuals within their area use common sense and good business judgment in determining the propriety of all expenditures.
  6. Vendor Payment: Prior to paying an invoice, all merchandise should be received and inspected to ensure the item is in working order.

## VI. **Legal and Risk Management Compliance**

**Office of General Counsel:** When contracting for Services, such as Professional Consultants, Software Licenses, Engineering Firms, and any other type of service requiring a written contract, review by University Counsel is required to insure that all the University requirements are met and stipulated in the contract. The Office of General Counsel (“OGC”) must review contractual language for clarity around proposed scope of work, cost of engagement, ensuring that the contractual terms and conditions are compliant with applicable laws and regulations, and that proposed contracting parties have provided necessary documentation to contract with, or perform services for the University. All contracts must meet or exceed standard University contractual terms or conditions. The OGC does not make business decisions, relying upon the thorough review, identification and analysis by the initiator of any proposed contractual obligations prior to submission for legal review. The OGC will, however, determine whether the proposed contract subjects the University to undue legal risk that cannot be appropriately managed.

**Risk Management:** The [Department of Risk Management](#) shall be consulted when issues of risk are noted by the Office of General Counsel and/or the Purchasing Department, shall determine whether the level of risk associated with the contractual endeavor may be appropriately managed and insured. This office is responsible for, and shall be contacted for, any Certificates of Insurance which may need to be provided to, or received from, vendors, suppliers, and contractors. In certain circumstances, a Certificate of Insurance may be a required as part of the contract.

## VII. Facilities Compliance

As part of the requisition process for equipment requiring special consideration related to excessive weight, size, odor, electric, gas, water or air requirements, and heating, cooling or ventilation requirements, the Purchaser must complete an [Equipment Work Order](#) through the Office of Facilities Services prior to entering the requisition in the system.

### 1. Equipment:

- a. **Delivery Services:** Equipment requiring moving or rigging for delivery to the final installation location will be the responsibility of the purchaser and must be included in the budget for the purchase. The [Office of Facilities Services](#) can assist the purchaser in advance of the equipment, material, or service purchase in determining the need and estimated cost.
  - b. **Installation Requirements:** The [Office of Facilities Services](#) is responsible for ensuring that the appropriate infrastructure, environment, access, and structure are present **before** authorizing purchases. In order for an effective evaluation to occur, the purchaser shall obtain the facilities guidelines from the vendor for the equipment or service in advance of contacting the Office of Facilities Services. The cost for outside engineering analysis, extension of existing services, retrofit of space, equipment startup, and special conditions required will be the responsibility of the purchaser and should be included in the budget for the purchase.
2. **Capital Construction and Renovation:** The Purchasing Department works collaboratively with the Division of Real Estate Development and Capital Operations, the Office of Campus Planning and Design, and the Office of Facilities Services to insure that projects are competitively bid and follow applicable State and Federal Guidelines. All construction and renovation projects (such as lab upgrades and relocations) must be coordinated through the Office of Campus Planning and Design.

## VIII. Environmental Health and Safety Compliance

The [Office of Environmental Health and Safety](#) is responsible for ensuring that purchases of chemicals and other hazardous materials are properly documented and that laboratories and other facilities ordering these materials have the proper equipment, work practices, and protective gear in place to store, use, and dispose of these materials in a safe and compliant manner. Certain high hazard chemicals, biological materials, and radioactive materials require prior approval from the [Office of Research](#) and University Biosafety Committee before they may be ordered by University laboratories. Additionally, certain laboratory equipment such as electron capture detectors, electron microscopes, and x-ray generating devices require registration with the NJDEP. To ensure the health and safety of all faculty,

staff and students, all chemicals and hazardous materials must be purchased through the purchasing system, and then delivered to the NJIT campus.

## **IX. Technology Compliance**

The [Office of Information Services & Technology](#) is responsible for ensuring that technology infrastructure (servers, computers, printers, network components, software and software licenses) meet University supported specifications and standards. Additionally, the Office of Information Services & Technology is responsible for reviewing any contractual covenants that impact University information security standards and for reviewing of all contracts with third-party IT service providers.

The Office works with researchers to accommodate specialized research needs that may not be compatible with university-wide standards.

## **X. Authority to Fiscally Bind the University**

Only [Officers of the University](#), as annually approved by the NJIT Board of Trustees, have the authority to bind the University in contracts, leases and other legal agreements after proper review of all documents. Individuals who do not have delegated authority, and enter into an unauthorized agreement, may be held personally liable and responsible for the cost of the supplies or services purchased.

Only the Purchasing Department, and those with delegated authority have the authority to convert fully approved Purchase Requisitions into Purchase Orders. The Purchase Order is the official contract between the University and the vendor with clearly defined terms and conditions obligating University funds.

## **XI. Internal Review and Audit**

To ensure proper internal controls are in place, randomly selected purchases will undergo “internal audit” review monthly. Questions will be directed to the individual and supervisor, and if necessary the appropriate Vice President.

If a purchase is determined to be fraudulent or in violation of University business policies, the initiator, the approver, and those with delegated authority of the transaction would be subject to disciplinary actions, including personal reimbursement or legal action, up to and including suspension or loss of employment as also stated in the [Fiduciary Responsibility Policy](#).

**EFFECTIVE DATE OF POLICY**

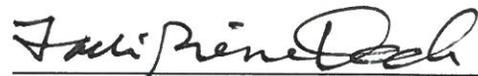
This policy takes effect upon adoption, and supersedes and revokes any former reasonable accommodation policies and procedures.

**REVIEW:**

 6/13/18  
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Holly C. Stern, Esq. Date  
General Counsel  
Vice President for Legal Affairs

**APPROVAL:**

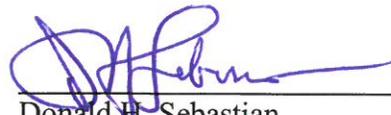
 6.13.18  
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Joel S. Bloom Date  
President

 6/13/18  
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Fadi P. Deek Date  
Provost & Senior Executive Vice President

 6/8/18  
\_\_\_\_\_  
Edward J. Bischof, Sr. Date  
Senior Vice President for Finance &  
Chief Financial Officer

 6-12-18  
\_\_\_\_\_  
Andrew P. Christ Date  
Vice President for Real Estate  
Development & Capital Operations

 6/6/18  
\_\_\_\_\_  
Chitra Iyer Date  
Vice President for Human Resources

 6/8/2018  
\_\_\_\_\_  
Donald H. Sebastian Date  
Senior Vice President for Technology &  
Business Development President & CEO  
NJII

 6/8/2018  
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Kenneth Alexo, Jr. Date  
Vice President Development & Alumni Relations