

SJSU Research Foundation Procurement Policy

Finance and Accounting

Policy No.: FA. 02-07-001 Rev. A

Effective
Date: 07/01/2018

Supersedes: FA.nn-07

Publication
Date: 04/05/2019

1.0 Purpose

The *Procurement Policy* sets guidelines and describes the requirements for acquiring goods and services by the San José State University Research Foundation (“Research Foundation”). Purchasing services provided by the Research Foundation are designed to:

- Provide faculty, staff, and students a method of obtaining needed supplies, equipment, and services,
- Provide for a cost effective procurement process,
- Ensure that all vendors and contractors are treated fairly and impartially,
- Provide quality service to Research Foundation users, and
- Support San José State University’s educational mission;

2.0 Responsibility

The senior manager of Accounting is responsible for the day to day administration of this policy. The administrative and fiscal responsibility for management of a sponsored project resides with the principal investigator(s) (PI) named on the award. The PI is responsible for ensuring that all expenditures and purchases associated with project accounts are made in compliance with the approved budget, the contract or grant terms and conditions, the Office of Sponsored Programs administrator, and Research Foundation policies.

The PI assists in the selection and purchase of goods and services by screening information regarding products, prices and supplies and solicit bids from vendors. The PI must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of the contract. All individuals who purchase goods or services using Research Foundation funds, including funds from contracts and grants and other sponsored funds must adhere to this policy.

3.0 Scope

This policy applies to all Research Foundation employees, project participants, SJSU faculty, students, and staff that purchase goods or services on behalf of the Research Foundation.

4.0 Definitions

This table provides definitions for special terms, acronyms, and abbreviations used in this policy.

Term, Acronym, or Abbreviation	Description
Blanket Purchase Order	Used for small recurring purchases of goods from one vendor throughout the fiscal year.
Debarred	Excluded from doing business with the U.S. Government.
Equipment	<p>Tangible, non-consumable property (including information technology systems when applicable) meeting all of the following criteria:</p> <ol style="list-style-type: none"> 1. Unit acquisition cost of \$5,000 or greater (including all costs incurred to acquire and to ready the asset for its intended use such as purchase price, applicable tax, freight, etc.). Accessory items not meeting these criteria will not be capitalized. 2. Estimated life of greater than one year, 3. Not permanently attached to or incorporated in SJSU or Research Foundation buildings and grounds, 4. Used to conduct Research Foundation business. <p>For additional information refer to the <i>Research Foundation Property Policy</i></p>
Independent Contractor Agreement	An agreement between the Research Foundation and individuals and sole proprietors providing services who will be paid using Research Foundation funds. An independent contractor agreement signed by the PI and the director of Human Resources or designee must be on file before any contracted services begin
Information Technology Systems	Computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources with a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$5,000. Items purchased on a federal award that meet this definition are considered to be federal equipment and will be tagged, tracked, and inventoried accordingly
Internal Purchase Order	For internal use only – A Research Foundation document used to encumber the total amount of sub awards and student awards on a contract or grant.
Lease	A contract transferring property to another individual or entity for a specified period of time. Leases between the Research Foundation and another legal entity must be signed by the Research Foundation executive director or designee. All leases must be reviewed by the Research Foundation Director of Finance & Accounting to determine appropriate accounting treatment prior to executing the lease.
Principal Investigator (PI)	The individual who is primarily responsible for leading and directing the project. The PI is responsible for the overall

	conduct of the project and is accountable to the sponsoring agency.
Purchase Order	A document generated by Research Foundation Purchasing that authorizes a purchase transaction. When accepted by the seller, it becomes a contract binding on both parties. The purchase order sets forth the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, other associated terms and conditions, and identifies a specific seller.
Sole Source	Exclusive supplier of a product or service, contracted without competition.
Service Agreement	A written contract between companies (Corporations, LLC's, etc.) providing services to a sponsored or enterprise program that will be paid using Research Foundation funds. The written contract must be on file and signed by the director of the Office of Sponsored Programs before services begin.
Subcontract or Subaward	An award provided by a pass-through entity to a sub recipient for the sub recipient to carry out part of an award received by the pass-through entity. It does not include payments to an individual that is a beneficiary of a Federal program. A sub award may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

5.0 Policy

All purchases with Research Foundation funds must have a legitimate business purpose. Purchase orders are required whenever the vendor requires it or when the purchase meets the requirements (Refer to section 5.2). Purchases cannot be split to circumvent this policy. Only individuals with signature authority can approve utilization of Research Foundation funds or bind the Research Foundation to a contract; signature authority for a project involving sponsored project funds does not confer signature authority to enter into a contract or agreement.

Research Foundation Accounts Payable has sole authority to issue purchase orders. PI's or project staff must not issue their own purchase orders. Anyone entering into a purchase of goods or services without proper authority is unnecessarily exposing the Research Foundation to risk and assumes the risk of being held personally responsible for any and all charges. It is the policy of the Research Foundation to treat all vendors and contractors fairly and impartially. Contracts may not be amended and purchase transactions may not be split to circumvent purchase order and competitive bidding requirements.

5.1 Procurement Guidelines

All purchases by the Research Foundation to procure supplies, equipment, services, and participation must be made in accordance with the Research Foundation Standards of Conduct Policy as well as all other applicable CSU, SJSU, or Research Foundation policies, and state and federal regulations. All federal grant purchase requests must be administered in accordance with the Uniform Guidance 2CFR 200. Uniform Guidance (UG) is a set of federal regulations that are primarily based on previous OMB Circulars A-21, A-87, A-110 and A-122, with some improvements. Basic procurement requirements are covered in the Research Foundation's Project Administrator Guide (PAG). PI's must manage supply chains in a way that avoids unnecessary or duplicative purchasing,

considers lease and purchase alternatives (if appropriate) and accommodates cooperative or joint purchasing where economies of scale can be obtained.

5.2 Purchase Order Classifications and Requirement

A purchase order is a document generated by Research Foundation Accounts Payable that authorizes a purchase transaction. When accepted by the seller, it becomes a contract binding by both parties. A purchase order sets forth the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, other associated terms and conditions, and identifies a specific seller. A purchase order must be used whenever a vendor requires it and for the purchase of goods or services based on the following guidelines.

5.2.1 Tangible Goods (Including Equipment)

All purchases for goods that have a total transaction cost of \$10,000 or more require a purchase order. For further information on Research Foundation equipment or property, see the *Research Foundation Property Accounting Policy*.

5.2.2 Services

All purchases for services of \$10,000 or more require a purchase order. Certain types of services (facility rental agreements, survey services, evaluation services, etc.) may also require an Office of Sponsored Programs Service Agreement signed by the Office of Sponsored Programs senior director.

5.2.3 Internal Purchase Orders

Internal purchase orders are for the use of encumbering amounts on an account for tracking purchases and are commonly used for student awards and subcontracts.

5.2.4 Commodities with Special Purchasing Requirements

Due to tracking and compliance requirements, all purchases for independent contractor services, online software tools, animals, hazardous substances, or radioactive materials regardless of the amount require a purchase order.

5.2.5 Independent Contractor Agreements

All independent contractor agreements require a purchase order regardless of the amount. The purchase order is automatically generated by Research Foundation Purchasing after the fully executed independent contractor agreement is received. For further information on Research Foundation independent contractor requirements, see the *Independent Contractor Policy*.

5.2.6 Online Software Tools

All purchases for online software tools that will be used for the electronic storage, processing, or transmission of sensitive data or information—regardless of the amount—requires a purchase order and will be forwarded to the SJSU Information Security Office for approval. For specific information regarding sensitive data, please refer to the [CSU Information Security Data Classification](#).

5.2.7 Animals

The SJSU Animal Care department is responsible for placing all animal orders on behalf of SJSU and the Research Foundation with approved vendors. The placing of animal orders shall not be done by the Research Foundation or the PI. The requisition for purchase order must indicate that the shipment delivery address is SJSU Animal Care department. Animal orders cannot be shipped directly to central receiving.

5.2.8 Hazardous Substances

In accordance with Title 8 of the California Code of Regulations, §5194 Hazard Communication Standard, PIs must adhere to SJSU Environmental Health & Occupation Safety guidelines on all shipments of hazardous materials. The PIs research laboratory must maintain a Material Safety Data Sheet (MSDS) of the material and make it accessible to all users of the material.

5.2.9 Radioactive Materials

All requisitions for the purchase of radioactive materials and radiation devices must be approved by the SJSU radiation safety officer before submitting the purchase requisition to the Research Foundation.

Purchases of items will be screened and handled as radioactive material if they contain mass numbers or radiation measurement units:

- Isotope
- Nuclide
- Radiation
- Activation
- Radioisotope
- Radionuclide
- X-Ray
- Active/labeled
- Tritium
- Irradiator
- Irradiated
- Generator

Radiation Measurement Unit Table

Term	Abbreviation
Kilobecquerel	kBq
Megabecquerel	MBq
Microcurie	μCi
Millicurie	mCi
Millirem	mrem
Roentgen	R

5.3 Emergency Transactions

In the case of a financial or life or death threatening emergency there may not be time to follow the standard process for obtaining a purchase order. In lieu of obtaining a purchase order, the PI may obtain written approval from the executive director of the Research Foundation (or designee) to make the purchase. The written approval must be submitted along with the request for payment.

5.4 Low Dollar Purchases

- **Procurement Card (P-Card):** The use of Procurement Cards (P-Cards) is encouraged when the amount of the purchase for goods and services is \$9,999 or less. Refer to the *Research Foundation Procurement Card Procedure Manual* for additional information.
- **Direct Payment and Reimbursements:** Direct payment requests can be made when the amount of the purchase for goods and services is \$9,999 or less. A requisition for payment with an invoice from the vendor along with all

appropriate supporting documentation should be submitted to the OSP analyst.

5.5 Competitive Bidding Requirements

Effective July 1, 2018 the procurement thresholds and guidelines below apply to all purchases including services, supplies, and properties as defined in [Uniform Guidance 2 CFR 200.320](#) and <https://www.whitehouse.gov/wp-content/uploads/2018/06/M-18-18.pdf>

Price per Unit: Include installation but exclude taxes, shipping, and maintenance.

1. Micro-purchases (<\$10,000)

- Price must be reasonable;
- No cost analysis is required;
- Basic allowability review is needed.

2. Small-purchase (\$10,000 - <\$250,000)

- Price or rate quotation must be obtained from two (2) or more qualified sources;
- Documented phone calls or web search results are required

3. Simplified Acquisition (>=\$250,000)

Procurement by sealed bids

- Provide complete descriptions and realistic specifications to three (3) or more sources that are willing and able to provide goods or services.
- A fixed-price contract will be awarded.
- Vendor can be selected on price or other factors.

Procurement by competitive proposals (RFP)

- A request for proposal (RFP) must be issued.
- Evaluation factors and importance must be identified.
- Issue RFPs to three (3) or more entities.
- A written method of evaluation must be prepared in advance.

Procurement by noncompetitive proposals (sole source)

- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the nonfederal entity; or

- After solicitation of a number of sources, competition is determined inadequate.

5.6 Debarment and Suspension: Executive Orders 12549 and 12689

Vendors must not appear on the U.S. Government debarment list. The Research Foundation does not do business with vendors that have been debarred or suspended from doing business with the federal government.

Additionally, no contract shall be made to parties listed on the [General Services Administration's System for Award Management \(SAM\)](#). The SAM list contains the names of parties that have been debarred, suspended, or otherwise excluded by federal agencies, as well as contractors who are ineligible under statutory or regulatory authority. Contractors with awards that exceed the small purchase threshold of the Research Foundation must provide the required certification regarding their exclusion status

5.7 Ethics, Conduct, and Conflict of Interest

To ensure quality service, maintain relations with external suppliers, and to maintain satisfactory relations with SJSU faculty, administrators, and principal investigators, the following ethical purchasing guidelines have been developed by the Research Foundation:

- Give first consideration to the objectives and policies of the SJSU Research Foundation and SJSU;
- Obtain the maximum value for each dollar expended;
- Demand honesty in sales representation whether offered through oral or written statements, advertising, or product samples;
- Grant all competitive bidders equal consideration; regard each transaction on its own merit;
- Decline all personal gifts or gratuities;
- Accord a prompt and courteous reception to all who call on legitimate business missions.

In order to maintain integrity in all purchasing transactions, vendor selection must be made from companies that do not provide economic interest to Research Foundation employees or project staff. Account signers will certify compliance each time they sign a Research Foundation purchase requisition or procurement card remittance form.

5.8 Insurance Requirements

The Research Foundation will provide property insurance to protect all property with a value of \$5,000 or greater. This insurance does not cover wear and tear, maintenance, or defect. There is a \$5,000 deductible for this type of claim.

All individuals and companies that provide services to the Research Foundation must have the appropriate level of insurance as required by the Research Foundation Risk Management department prior to performing services. These insurance requirements are included in the terms of the Research Foundation purchase order.

Project participants must also fill out a Risk Management waiver prior to participating in contract or grant activities. Waivers must be submitted along with the request for PO or payment when applicable.

5.9 Protest, Dispute, or Complaint

A vendor, bidder, or contractor who experiences an administrative issue regarding products or services ordered through a purchase order or any contractual agreement and wishes to lodge a protest, dispute, or complaint should immediately contact the Research Foundation Finance & Accounting director at **408-924-1405** to do so. If a bidder files a protest on the grounds that the award is not in conformance with the provisions of the solicitation document, the contract shall not be awarded until either the protest has been withdrawn or a decision has been reached by the appropriate Research Foundation authorities as to the action to be taken in response to the protest.

6.0 Related Policy Information

6.1 Disallowed Purchases

The following is a list of items excluded from Research Foundation project or department budgets:

- **Political Activities** – Funds may not be used to support candidates pursuing political office or to support or oppose political issues except as may be permitted by the CSU Auxiliary Organization Compliance Guide Rev 1.0 Section 11.4.
- **Sectarian Activities** – Funds may not be expended in support of sectarian activities.
- **Unionization or Anti-Unionization Activities** – Funds may not be expended for the promotion or deterrence of union organizing. Furthermore, no individual shall be required to join a union as a condition for employment.

6.2 Disallowed Direct Pay and Reimbursements

The following list of items must be processed through Research Foundation Purchasing. Direct pay and reimbursements are not allowed.

- Animals (Also requires SJSU Institutional Animal Care and Use Committee approval)
- Firearms
- Hosting
- Wireless communication devices
- Chemicals or other hazardous substances (Also requires that an MSDS is obtained with goods)
- Software Licenses. Other than purchases of off-the shelf software, software licenses must be reviewed and approved by an officer of the Research Foundation or their designee prior to purchase.

7.0 Required Forms

Not applicable.

8.0 References and Related Information

This section lists links, documents, and other information related to this policy:

- *2CFR 200 Uniform Guidance of Federal Regulations*
- [Research Foundation Project Administrator Guide](#)
- *Integrated CSU Administrative Manual (ICSUAM)*

- *CSU Auxiliary Organization Compliance Guide*
- *California State University Contracting Manual, Section 302.0 Formal Bidding of Personal Property*
- Executive Order 12549 - Debarment **and** Executive Order 12689 - Debarment
- [Research Foundation Property Accounting Policy](#)
- [Research Foundation Source and Use of Public Relations Funds Policy](#)
- [Research Foundation Standards of Conduct Policy](#)
- [Research Foundation Procurement Card Procedure Manual](#)
- *State Administrative Manual, the Education Code (Title V)*
- W8 - IRS Form for Foreign Vendors
- W9 - IRS Form for Domestic Vendors

9.0 Record Retention

All documents and records are maintained in accordance with SJSU Research Foundation *Record Retention* requirements.

Record	Retention
<i>Procurement Policy</i>	This document is effective until further revised or updated. Outdated or revised documents will be maintained in accordance with Research Foundation Record Retention requirements. The Research Foundation will maintain the signed original and electronic copies of the approved policy and all updates and replacements.
Requisition Form CR1	Three years