

# Manual of Business Procedures | University Procurement and Logistics

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### **270.1 PURPOSE**

University Procurement and Logistics has the responsibility for managing the MSU supply chain by providing expertise in acquiring and managing goods and services for the university community based upon requirements for quality, quantity, price, service, and delivery.

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### **270.2 POLICY OBJECTIVES**

- 270.2.1 To ensure that the purchase of equipment, materials, supplies and services are executed in a consistent, open, and competitive manner.
- 270.2.2 To aid the university community by investigating new or improved materials, equipment, or services; researching sourcing options; or via other means, such as process improvements, to enhance the efficiency of the university.
- 270.2.3 To create and maintain effective and appropriate business relationships with suppliers, the university community, and the general public.
- 270.2.4 To ensure that all transactions are devoid of conflicts of interest.
- 270.2.5 To obtain quality products at the best possible price under the most advantageous terms and conditions.
- 270.2.6 To ensure procurement compliance with university procurement policies and procedures, as well as federal, state, and local laws and regulations.
- 270.2.7 To identify and recommend environmentally responsible purchasing practices.
- 270.2.8 To implement best practices for cost containment.
- 270.2.9 To maintain a diverse supplier base.

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### **270.3 GENERAL**

Procurement has the responsibility and authority to issue purchase orders and/or sign contracts on behalf of the Board of Trustees of Michigan State University. The authority and responsibility includes providing assurance that procurement activities are conducted in a manner that is ethical, transparent, open, and competitive, with clear demonstration of fair and reasonable pricing.

Purchases will be made based on of quality and service from qualified suppliers. Criteria may include, but are not limited to, specifications, delivery requirements, quantity, competitive market prices, and qualifications of the supplier. Based on all the relevant criteria, Procurement has the final authority to select suppliers.

Suppliers may be required to perform criminal background checks of its personnel working on MSU's campus pursuant to applicable MSU background check policies. In such circumstances, the university reserves the right to audit compliance with the policy requirements and may require documentation of compliance from suppliers. Suppliers will be required to provide documentation of compliance with criminal background check requirements upon request from the university within a reasonable time period, not to exceed 15 business days. Requests for such audits will be made by Procurement in accordance with MSU's criminal background policy for suppliers ([Exhibit A - full policy](#)).

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### **270.4 SIGNATURE AUTHORITY**

270.4.1 Procurement has a fiduciary responsibility, based on the Delegation of Signature Authority memorandum issued by the university's president for the following:

- A. The authority to issue purchase orders and/or sign contracts on behalf of the Michigan State University Board of Trustees.
- B. External commitments of university funds to procure equipment, materials, supplies and services, while ensuring the solicitation process is open and competitive and that prices paid are fair and reasonable.

*Note:* Authority to sign procurement contracts, agreements, leases, and other binding documents has not been delegated to university faculty and staff, except as identified in [Exhibit B, Delegation of Signature Authority Memorandum](#). Individuals signing external agreements or attempting to bind the university through other means without first obtaining authority may become subject to legal action and university disciplinary action. In addition to binding documents, this applies to orders placed directly by end users without use of a PCard or purchase order. Orders of this nature are considered unauthorized and require additional documentation and review prior to completion.

270.4.2 Contract Review and Signature - Procurement reviews contracts/agreements for business concerns and forwards the contract/agreement to the Office of the General Counsel for legal review. The requisitioning department will be consulted with and/or included in negotiations with the supplier so that final contract terms and conditions are understood and accepted by all parties. Once a final contract/agreement is finalized, Procurement will provide the authorized signature, based on the Delegation of Signature Authority memorandum.

270.4.3 Unauthorized Orders - Orders that are placed directly by a non-Procurement faculty or staff person without use of a sanctioned university procurement method (purchase order or PCard) are considered unauthorized. These may also be referred to as "after the fact" or "confirming"

orders and are not allowed.

Unauthorized commitments made by members of the faculty and/or staff are not binding to the university. The following requirements attach to unauthorized orders when they occur:

- A. The campus user will be required to submit documentation that speaks to why the proper process was not followed and ensuring that they will adhere to using appropriate, designated purchasing processes in the future.
- B. Depending upon the dollar amount of the transaction and/or the repetitive nature, the need for documentation may be escalated to the dean, director, department chair, or designated vice president who has authority for the non-compliant unit.
- C. Unauthorized orders and associated invoicing will not be handled on a priority basis as the appropriate process was not followed.
- D. The supplier who accepts an unauthorized order will be counseled by Procurement on the appropriate university process for receiving orders from the institution. At the discretion of Procurement, goods or services received on an unauthorized basis may require return to the supplier or may be considered as a donation from the supplier. The supplier invoice for an unauthorized order may not be honored by the university.

The only allowable exceptions for after the fact orders are instances of emergency circumstances that involve saving of human/animal life or university facilities.

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## **270.5 CODE OF ETHICS AND CONFLICTS OF INTEREST**

### **270.5.1 CODE OF ETHICS**

University Procurement and Logistics conducts ethical business operations in compliance with applicable laws, government regulations, and university policies and procedures.

#### **Gifts and Entertainment**

Procurement employees will not accept supplier gifts or entertainment. Faculty and staff engaged in procurement processes are also prohibited from accepting gifts, gratuities, or entertainment from suppliers.

### **270.5.2 CONFLICTS OF INTEREST**

- A. By merit of MSU's status as a state institution, MSU employees are considered to be public servants and are expected to adhere to state law. State of Michigan law specifies the following:
  - 1. A public servant shall not be a party, directly or indirectly, to any contract between himself or herself and the public entity of which he or she is an officer or employee.
  - 2. A public servant shall not directly or indirectly solicit any contract between the public entity of which he or she is an officer or employee and any of the following:
    - a. Him or herself
    - b. Any firm, meaning a co-partnership or other unincorporated association, of which he or she is a partner, member, or employee.
    - c. Any private corporation in which he or she is a stockholder owning more than 1% of the total outstanding stock of any class if the stock is not listed on a stock exchange, or stock with a present total market value more than \$25,000.00 if the stock is listed on a stock exchange or of which he or she is a director, officer, or employee.
    - d. Any trust of which he or she is a beneficiary or trustee.

3. In regard to a contract described in subsection (2), a public servant shall not do either of the following:

- a. Take any part in the negotiations for such a contract or the renegotiation or amendment of the contract, or in the approval of the contract.
- b. Represent either party in the transaction.

Reference: [Michigan Legislature website](#)

B. It is the policy of MSU that each officer, manager, supervisor, and any other type of employee conduct their affairs to avoid any actual conflict of interest as well as conduct which might be perceived to adversely affect the exercise of their official judgment on behalf of MSU pursuant to the MSU Employee Handbook. Any potential conflicts of interest must, by policy, be disclosed by any staff member.

C. The university may not enter into a contract with any of its employees or a company in which an employee has an interest without such employee disclosing ownership and interest information and receiving Board of Trustees approval before completing the transaction.

D. All potential conflicts of interest are reviewed by the Assistant Director - Procurement to determine if a conflict exists. Once a conflict of interest has been disclosed, additional information regarding the purchase will be requested. The Assistant Director - Procurement will review the purchase to determine if other sources are available at the same or better price. If another source is available, that source will be recommended to avoid the conflict.

If no other suitable sources exist for the purchase, collected information will be forwarded to the Conflict of Interest Officer for review. Following this review, a determination will be made regarding forwarding to the Board of Trustees for approval or pursuing another option.

The Conflict of Interest Officer will notify Procurement of Board of Trustees approval or denial. Conflict of interest approvals by the Board of Trustees are not granted on a blanket basis, but on a case-by-case basis.

E. University employees must take all appropriate steps to assure that the university does not knowingly enter into purchase commitments which would violate Michigan law or result in a conflict of interest. A conflict of interest can also exist if a supplier is related to an MSU employee and the situation results in potential and/or perceived financial gain for the employee or a situation in which an employee can influence the supplier relationship. Stakeholders must inform Procurement if they have an unrecorded conflict with any supplier who is bidding on any project for which they are serving on and/or influencing a selection committee.

F. Employees should refer questionable purchase situations to the Assistant Director - Procurement. Additional information on conflicts of interest and other related topics can be found in both the Faculty Handbook and the Employee Handbook.

Reference: [MSU Employee Handbook](#)

All MSU Procurement suppliers are required to complete a Conflict of Interest Attestation as a part of the vendor management process which includes a disclosure process located in Exhibit C. Upon receipt from the supplier, all disclosures are reviewed and acted on by the Assistant Director - Procurement. It is the expectation of Michigan State University that all potential conflicts of interest are to be disclosed for appropriate review and disposition within the university.

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## **270.6 SOURCING CONSIDERATIONS AND OPTIONS**

### 270.6.1 SOURCING CONSIDERATIONS

- A. **Domestic/Michigan Purchases** - Every effort should be made to purchase domestically produced goods and services from domestically based sources. This policy is particularly important when spending funds appropriated by the State of Michigan under MCL 388.1839: “Funds appropriated shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods and services, or both, are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses if they are competitively priced and of comparable value.”
- B. **Sustainability** - MSU is committed to engaging in activities that are sustainable and consider the university’s impact environmentally, economically, and societally. In support of these efforts, the following considerations are to be given when working with suppliers:
1. Total cost of ownership, including impacts such as energy use and end of life disposition, when acquiring broadly used items or engaging in high dollar purchases with long range implications.
  2. Take-back programs for packaging material and/or end-of-life cycle product.
  3. Purchasing products with an Eco label certification or that meet the standards of the industry associated Eco label and certification program.
  4. Providing business opportunities to suppliers who meet product standards while using pre-consumer and post-consumer waste in their products.
  5. Buying locally or from suppliers within the State of Michigan when doing so a) saves money or is cost neutral and b) results in equal or improved product or service quality.
  6. Supporting a diverse supplier base to ensure appropriate access to the goods and services required for institutional operations and delivery of service.

Procurement can provide guidance and assistance in identifying opportunities and in applying these considerations. For further information on campus sustainability or environmental stewardship at MSU, visit the [MSU Sustainability](#) website.

#### 270.6.2 **BUSINESS INCLUSION**

Michigan State University Procurement actively supports the supplier diversity landscape and business inclusion. The Office for Inclusion and Intercultural Initiatives promotes outreach, and forwards potential new suppliers to Procurement. This outreach offers minority-owned business enterprises (MBE), woman-owned business enterprises (WBE), Small Business Administration (SBA) defined small and/or other disadvantaged businesses the opportunity to develop sound business relationships with MSU.

MBE and WBE companies are legally defined as, “a privately or publicly owned corporation, joint venture or any other type of business organization that is at least 51% beneficially owned and controlled by one or more minority persons or women.”

#### 270.6.3 **ADDITIONAL SOURCING OPTIONS**

A. Spartan Marketplace is an online ordering solution that provides campus users with direct access to MSU strategic contract suppliers and University Stores. It is available in the EBS portal and is intended as a convenient method for obtaining regularly used goods at contracted prices. Certain restrictions may apply by department and supplier. [Spartan Marketplace tutorials](#) provide more information on using this procurement method.

B. PCard - The MSU PCard is designed to allow for the direct procurement of low dollar purchases by the faculty and staff using a credit card. The intent is to increase efficiency by eliminating the need for small dollar requisitions, direct payment vouchers, reimbursement vouchers, and petty cash funds. PCard purchases result in quicker turnaround time, greater flexibility in ordering, and reduced paperwork. The MSU PCard is to be used for purchases within the PCard dollar threshold;

some restrictions apply. See Manual of Business Procedures [Section 271](#).

C. Strategic contracts are university-wide contracts that use pricing determined via competitive solicitation or through participation in a consortium—where collective volume is leveraged to obtain better pricing. They allow MSU to better use its buying power and result in improved pricing, product availability, delivery schedules, and supplier relationships. If a desired product is unavailable in Spartan Marketplace, purchases may be made against a strategic contract by submitting a requisition. [List of contracted suppliers](#)

D. University Stores - Commonly used items such as copy paper, custodial goods, safety supplies, office supplies, and scientific supplies may to be obtained through University Stores—an on-campus supplier whose catalog is located within Spartan Marketplace. Procedures for placing University Stores orders can be found in the Manual of Business Procedures [Section 220](#).

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## **270.7 COMPETITIVE SOLICITATION**

The purchase of equipment, materials, supplies, and/or services is subject to university policy which stipulates an open and competitive solicitation process resulting in the university obtaining quality product and services at a fair and reasonable price.

In all instances of competition, Procurement personnel will provide process facilitation to decision-makers/stakeholders with a mutual goal of ensuring required processes are followed while the university's needs are met at the lowest possible cost under the most advantageous terms and conditions available.

### **270.7.1 REQUEST FOR INFORMATION (USED PRIOR TO COMPETITIVE SOLICITATION)**

A. The purpose of an RFI is to identify potential supplier sources (particularly helpful when buying new technology), or to learn about products that are new in the market or new to a university department.

B. Procurement can assist faculty and staff early in the acquisition process by participating on product evaluation committees or by soliciting a Request for Information (RFI) on behalf of the department.

### **270.7.2 COMPETITIVE SOLICITATION PROCESS**

A. In order for bids to be valid, competitive solicitations must be performed with Procurement staff involvement before any communication to suppliers on the potential bidding opportunity.

B. A Request for Quotation (RFQ) process is required for acquisitions that are equal to or greater than \$25,000 (but may also be used for purchases under \$25,000, such as for federal programs with lower limit of \$10,000) when the goods or services required can be clearly defined. These are typically used for commodity purchases with defined items and estimated quantities and for well-defined service requirements or equipment purchases.

C. A Request for Proposal (RFP) process is a best-value process where price is one of many considerations. RFPs are conducted for acquisitions with a level of complexity in product and service requirements for which the selection criteria will include, but not be limited to, a combination of product quality, supplier qualifications, service requirements, and price. An RFP typically does not require a sealed bid; however, a sealed bid can be included as a requirement at the discretion of the buyer.

D. Regardless of competitive method (RFQ/RFP), in all instances of competition, specifications or requirements are to be written in a manner that does not inhibit competition. Suppliers are not allowed to participate in the writing of specifications in any way. Alternates are to be considered

whenever practical.

E. A public bid process is required for all acquisitions that are equal to or greater than \$250,000. Public bid processes are advertised on our [UPL MSU website](#). Some public bid processes are offered by sealed bid. Sealed bid openings are conducted by Procurement as a public bid opening with aspects of the bids read aloud.

F. Professional Service Contracts (PSC) equal to or greater than \$25,000 (\$10,000 for federal programs) will be reviewed by Procurement to determine whether a competitive solicitation process should be performed for the services required.

### 270.7.3 EXCEPTIONS TO COMPETITIVE SOLICITATION

- A. Purchases with appropriate single or sole source justification, as determined by the buyer.
- B. Purchases made with suppliers against existing strategic contracts where established pricing, terms and conditions have been determined to be fair and reasonable (ex: Consortia contracts, E & I Cooperative agreements, CICPC agreements, GSA contracts, State of Michigan contracts, negotiated contracts, Master Agreements, etc.) where better terms cannot be obtained.
- C. Purchases for matching existing equipment where economies of scale gained through reduced costs for training, maintenance, and interfacing/connecting of equipment.
- D. Purchase of goods or services such that a limited supplier base, not allowing for the capture of three bids, can be documented by the buyer.
- E. Purchase of animals and animal-related items at auction.
- F. Purchase of emergency equipment repair.
- G. Purchase of emergency animal feed.
- H. Purchases involving the protection of university property, human and animal life.
- I. Purchase of care of the dead.

While competitive solicitation may not be required for the above purchase transactions, following review of any departmentally supplied budgetary quotations; Procurement may obtain an updated supplier quotation for orders that exceed the competitive solicitation threshold or may choose to competitively solicit the item if this is believed to be best for MSU. At the discretion of the buyer, Procurement may choose to further negotiate with the supplier to ensure all university requirements are met.

### 270.7.4 SOLE SOURCE AND SINGLE SOURCE REQUIREMENTS

Sole source and single source purchases are allowable only when the competitive process is impractical or when substitutes have been deemed unacceptable through a documented product evaluation process. All requests for sole source and single source purchases must include a detailed, objective, and technical justification outlining the rationale for exception to the competitive solicitation process, as well as attestation by stakeholder that no conflicts of interest exist. NOTE: All single and sole source requests must be submitted and approved by Procurement before goods or services are acquired.

- A. Sole source purchase requests will be considered when no alternative exists for the item(s) or service(s) required and the identified source can be documented as the only source available. The determination is based on the unique qualifications or specifications of the purchase such that no other source exists. These are typically instances of true proprietary offerings with no equivalents or alternates available. "Sole" means "the one and only."
- B. Single source purchase requests will be considered in instances where alternate products and sources exist, but only one truly meets the needs of the requesting department and all others are found to be inferior. "Single" means "the one among others."
- C. All sole/single source purchases require a justification be provided to Purchasing from the requesting department outlining characteristics of the purchase that meet the unique requirements of the requestor. This justification before acquiring goods or services.



- D. Procurement will evaluate all requests for exception to the competitive solicitation process and will make the final determination as to whether a sole source purchase is acceptable.
- E. Upon receipt of an appropriate single or sole source justification, Procurement will obtain a quotation from the supplier, negotiate the final purchase transaction, provide fair and reasonable price documentation, and ensure that all requirements of the university are met.

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## **270.8 REQUISITIONS, PURCHASE ORDERS AND AMENDMENTS**

### **270.8.1 REQUISITIONS (REQ)**

The purchase order process begins with a purchase REQ in the Kuali Financial System (KFS), completed by the campus department, and is used to request the purchase of equipment, materials, supplies, or services from an off-campus source.

- A. The REQ specifies the appropriate account number(s) to be charged and authorizes Purchasing to issue a purchase order up to the designated amount stated on the requisition.
- B. All REQs are an eDoc in the financial system and are approved by the fiscal officer (FO) for the designated account(s) used to pay for the goods or services.
- C. Approved REQs are routed to Procurement via electronic workflow in the financial system.
- D. A REQ is not required to obtain materials and supplies from University Stores or other internal sources.
- E. Any supporting documentation (specification list, sole/single source justification, etc.) must be attached to the REQ.
- F. All equipment purchased with federal funds must have the following certification, from the PI or Project Representative, in the notes section of the REQ or as an attachment to the REQ: “I certify that this equipment is necessary and will be used primarily, or exclusively for the project(s) to which the costs will be charged, and that similar equipment is not available for my use.”

### **270.8.2 PURCHASE ORDERS (PO)**

A purchase order (PO) is a legally binding document issued to a specific supplier committing university funds for the procurement of goods and services. A PO authorizes a supplier to deliver and bill the university for equipment, materials, supplies, and services.

- A. All purchase orders are generated from a requisition (REQ) in KFS.
- B. For purchase orders originating from outside of University Procurement and Logistics, an attestation note (below) must be added in the Notes section of the PO in KFS; or notation that the signature authority lies elsewhere (party invoked) and PO is for payment purposes only.

#### **1. Attestation Note – No Criminal Background Check Required:**

I certify that this item/project was competitively bid per the following sections of MSU’s Manual of Business Procedures: 270.8.4, 270.10.2 and 270.11.4 (A, D & E); current version found at [MBP 270](#). We have reviewed the [Criminal Background Check Policy](#) that was issued by the Office of the President on January 5, 2015 and have found that this supplier does not meet the criteria where a Criminal Background Check is required.

#### **2. Attestation Note – Criminal Background Check Required:**

I certify that this item/project was competitively bid per the following sections of MSU’s Manual of Business Procedures: 270.8.4, 270.10.2 and 270.11.4 (A, D & E); current version found at [MBP 270](#). We have reviewed the [Criminal Background Check Policy](#) that was issued by the Office of the President on January 5, 2015 and have found that this supplier meets the criteria where a Criminal Background Check is required. The supplier CBC attestation form is attached here in the “Notes and Attachments” area of this PO.

*CBC form must be attached in “Notes and Attachments.”*

- C. The PO is distributed to the supplier and is accessible to the department, Accounts Payable, and the buyer via the financial system and Document Viewer.
- D. It is highly recommended that departments match the PO to the receiving documentation and invoice to ensure all items are received prior to payment issuance.

### 270.8.3 PURCHASE ORDER AMENDMENTS (POA)

A purchase order amendment (POA) is processed when a change is needed to an existing purchase order such as description, quantity, price, and/or scope of work. To request a purchase order amendment, contact Procurement to describe and justify the change, by either of the following:

- A. Add a note in the “Notes and Attachments” tab of the purchase order using the “notify recipient” feature as a means to direct the note to the buyer. This notification will appear in the buyer’s action list for resolution.
- B. Send a detailed email to the buyer requesting a change to the purchase order.

All amendments that affect the “Items” tab on a purchase order will route for approval to the account fiscal officer. Additional approvals may be necessary on the POA (i.e. CGA, EHS, etc.).

- C. For purchase order amendments originating from outside of University Procurement and Logistics, an attestation note below must be added in the Notes section of the POA in KFS.

#### 1. Attestation Note – No Criminal Background Check Required:

I certify that this item/project was competitively bid per the following sections of MSU’s Manual of Business Procedures: 270.8.4, 270.10.2 and 270.11.4 (A, D & E); current version found at [MBP 270](#). We have reviewed the [Criminal Background Check Policy](#) that was issued by the Office of the President on January 5, 2015 and have found that this supplier does not meet the criteria where a Criminal Background Check is required.

#### 2. Attestation Note – Criminal Background Check Required:

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### 270.8.4 SPECIALIZED PURCHASES

- A. For certain types of restricted purchases, before a purchase order is issued or a contract is signed, the university requires additional approval by various campus units (Infrastructure Planning and Facilities (IPF), Environmental Health & Safety (EHS), Risk Management, etc.) and/or may require additional review for certain commodities. Items requiring additional approvals include, but are not limited to:

- 1. Air conditioners and space heaters
- 2. Automated External Defibrillator (AED)
- 3. Carpeting/tile flooring
- 4. Computers
- 5. Construction and alterations
- 6. Drones
- 7. Electricity

8. Fuels and natural gas
9. Global Positioning Systems (GPS)
10. Humidifiers and dehumidifiers
11. Lasers
12. Narcotics and controlled substances
13. Radioactive/Isotopes
14. Real estate and rentals
15. Scientific alcohol
16. Security and alarms
17. Software agreements
18. Telephone systems and two-way radios
19. Vehicles and low speed vehicles

For more information concerning these approvals and/or processes please contact Procurement.

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## **270.9 FOREIGN ORDERS - IMPORTED GOODS**

270.9.1 Purchase orders issued for supplies or equipment to companies outside of the United States are considered imports and require additional processing and approvals. To ensure compliance with the regulations of Office of Foreign Asset Control (OFAC), Customs and Border Patrol, Procurement has a designated member of the buying staff who is responsible for handling all purchase orders issued to foreign entities. Upon discovery that a purchase is being made from a foreign supplier, the department is to contact Procurement for guidance on the best method for proceeding. As regulations are subject to change, and to ensure proper handling of inbound items through customs, early involvement of Procurement is highly recommended.

- A. Departments must include justification on the requisition addressing the necessity to procure from a foreign supplier.
- B. Procurement will evaluate all foreign order requests to ensure that the supplies and/or equipment are not available through the normal/United States distribution channels.
- C. All foreign or domestic purchases will be reviewed to determine if a product is controlled under the International Traffic in Arms Regulation (ITAR) or to identify whether the product/equipment is or is not classified as EAR99 under the Export Administration Regulations (EAR). If classified under ITAR or is not EAR 99, the department will work with the MSU Department of Research Facilitation and Dissemination to determine if an access plan is necessary.

The U.S. Treasury Department's Office of Foreign Asset Control (OFAC) maintains a list of countries with which economic trade sanctions have been imposed. The sanctions pertain to importing and exporting goods and services to and from countries whose practices are inconsistent with U.S. foreign policy and national security. Under no circumstances should a shipment or purchase be made to or from a country, business, or individual that appears on the sanctioned list.

[View the current list of sanctioned countries](#)

All foreign purchases require that an entity check be conducted to ensure we are not doing business with an entity that is debarred, sanctioned or otherwise banned by the Federal Government. Procurement coordinates this check as a routine element of processing orders to foreign entities. In the event that a supplier does not clear the check, a purchase order will not be issued, nor will the supplier be paid through other means.

Orders issued to foreign entities are to be shipped to and cleared only through the contracted agent(s) who hold power of attorney on behalf of MSU. The identified agents are Federal Express,

UPS, DHL and Trans Overseas. Items entering the country on behalf of MSU may not to be cleared through U.S. Customs by any other agent.

All foreign or domestic purchases will be reviewed to determine if product is controlled under the International Traffic in Arms Regulation (ITAR) or to identify whether product/equipment is or is not classified as EAR99 under the Export Administration Regulations (EAR). If classified under ITAR or is not EAR 99, the department will work with the MSU Department of Research Facilitation and Dissemination to determine if an access plan is necessary.

### 270.9.2 DUTY-FREE ENTRY FOR SCIENTIFIC EQUIPMENT

Certain scientific equipment can be imported into the U.S. duty-free if the following criteria are met:

- A. The scientific instruments and apparatus are to be used exclusively for educational purposes and scientific research ([see Duty-Free Entry of Scientific Instruments Policy](#)) and
- B. The scientific instrument or apparatus, or its equivalent, is not manufactured in the United States.

If the equipment arrives at U.S. Customs before duty-free entry has been approved, or if no Request for Duty-Free Entry was made prior to the purchase, the applicant can request a delay of liquidation (Customs classifies the equipment and assesses duty). A delay of liquidation is usually granted for up to 180 days but may be extended.

If the equipment has been received, classified and assessed, and the duty paid, a Request for Duty-Free Entry application can still be filed. This application must be filed within 90 days from the date of liquidation.

Some categories of scientific equipment can be imported duty-free by educational institutions under certain conditions:

- A. A Request for Duty-Free Application should be completed and filed with the U.S. Customs before placing the order with the supplier. If Customs approves the duty-free purchase, the purchase order must be issued to the supplier within 60 days.

Reference: [Request for Duty-Free Entry of Scientific Instruments or Apparatus \(ITA-338P\) PDF form](#)

- B. Duty on scientific equipment is usually substantial. Departments should apply for duty-free entry well in advance of making the purchase. If duty must be paid, then departments can budget accordingly, before funds may be committed elsewhere.
- C. To apply for duty-free entry of scientific equipment, please contact Procurement.

### 270.9.3 ROYALTY TAXES

If purchasing software that includes a licensing agreement from a foreign country, there may be a royalty tax either deducted from the invoice paid or charged to the department. When the foreign supplier completes a W8BEN with a U.S. TAX ID number and a tax treaty exists between the U.S. and the vendor's country, this will allow the royalty tax to be reduced or eliminated. Otherwise, taxes at a rate of 34.25% will be deducted, as noted above. This excludes software purchases that are "boxed" software.

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## 270.10 CONTRACT, GRANT AND FEDERALLY FUNDED ACQUISITIONS

For all federally funded acquisitions, the supplier must comply with all applicable federal, state, local or institutional laws, rules, and regulations in providing the services under any proposal or purchase order. The supplier shall be solely responsible for ensuring that any recommendations made in connection with the services comply with all applicable federal, state, local and institutional laws, rules, and regulations.

Suppliers are solely responsible for ensuring that the services and goods provided comply with all applicable federal, state, local and university laws, rules, regulations, policies, and procedures. Unless expressly provided for in a resultant agreement, the supplier shall obtain and comply with all permits, licenses and similar authorizations needed to provide these services. By submitting a proposal (or acknowledging a purchase order), the supplier affirms that it has all legally required licenses and permits needed to perform the services and provide the goods under any resulting agreement.

Contract and Grant Administration must review and approve all purchase orders with a line item totaling \$5,000 or more, when federal funds are used, prior to issuance of the order. In those cases where a unit has been delegated procurement authority, Contract and Grant Administration will select a random sample of issued purchase orders on federal accounts to verify they are allowable and allocable.

### MSU Resource Links

1. [Contract and Grant Administration \(CGA\)](#)
2. [Federal Procurement](#)

### Federal Resource Links

1. [Excluded Parties List System—search by name](#)
2. [Office of Foreign Assets Control \(OFAC\)](#)
3. [Sanctioned Countries](#)
4. [Specially Designated Nationals and Blocked Persons List \(PDF\)](#)

#### 270.10.1.1 Orders on Contract/Grant Accounts

A. Specific accounts have been created for the tracking and expensing of sponsored research activities. These activities can be sponsored by a variety of funding entities, such as government agencies (state or federal), foundations, or corporations. For purposes of this section, the focus is on federally funded sponsored research. Typically these accounts are encoded with a prefix of RC in the account string indicating that the account is of a restricted nature.

B. [View additional information related to contract and grant activities](#). Access to Account Explorer which includes additional details regarding the contract or grant accounts is available on the [MSU Office of Sponsored Programs website](#).

C. Contract and Grant Administration must review and approve all purchase orders with a single line item of \$5,000 or more using an account beginning with prefix of “RC” before the order and supplier payment are issued. This is executed through electronic workflow in the financial system.

#### 270.10.2 Special Requirements for Federally Funded Procurement, Effective July 1, 2018

A. The Federal Office of Management and Budget (OMB) requires special considerations and procedures that must be followed when procuring goods and services with federal funds. These requirements are outlined in the Code of Federal Regulations [CFR 200.317-326](#) and are commonly referred to as part of the Uniform Guidance. In most cases, MSU's current purchasing policies and

practices meet these federal requirements, however federal requirements differ in the instances listed below; in some cases, surpassing MSU requirements, and therefore must be followed.

**B. Competitive solicitation and single/sole source requirements associated with the Uniform Guidance include**

1. The dollar threshold for purchases requiring demonstration of competition with retention of documentation (micro-purchase threshold) has been set at \$10,000. This is consistent with MSU policy and procedure for competitive solicitation. However, for construction, which is subject to the Davis-Bacon Act, it is \$2,000.
2. To be compliant with the Uniform Guidance, [CFR 200.317-326](#), all federally funded purchases (including Personal Service Contracts and nonresident alien PSCs) that equal \$10,000 or more in value must be competitively solicited/quoted or include justification for the exemption to competition.
3. Bid opportunities that exceed the federal government's simplified acquisition threshold (equal to \$250,000 or more) are required to be treated as either sealed bids or requests for proposal and must be formally advertised as public solicitations. These bid opportunities are listed on the [Procurement website](#).
4. Requests for Proposal issued for federally funded procurements must identify the evaluation factors, including relative order of importance, that will be considered when selecting a supplier. These factors must be adhered to during the proposal review and supplier selection process.
5. For purchases that equal \$250,000 or more that are single or sole sourced, without competitive solicitation occurring, Procurement will perform a price analysis demonstrating that the pricing for the purchase is fair and reasonable. Price analysis can be determined based on several measures including, but not limited to price/market catalog, comparison to in-house estimates, comparable customer's invoice, comparable price sold to federal government, historical pricing, comparison to similar items, federal award specifically identifies item/person and price. While not the preferred method, a cost analysis including evaluation of profit margin for the supplier may be performed instead of a price analysis.

**C. Additional information regarding the Uniform Guidance requirements can be found at the following links:**

[CFR 200.317-326](#)

[OMB Memorandum Regarding Updates to Thresholds](#)

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## **270.11 SPECIALIZED PURCHASES**

### **270.11.1 Emergency Purchase Orders**

Emergency orders restricted to breakdown equipment, building systems, or where human or animal life is endangered.

- A. A phone call alerting the Procurement buyer of the emergency is strongly encouraged to explain both the nature of the emergency and the required remedy so that the order can be handled expeditiously to enable the department to obtain service or product as soon as possible.
- B. In emergency situations where the above procedures cannot be followed (such as during evening or weekend hours), a department may purchase the required item or service and send a confirming requisition marked "Confirming Order" with an explanation of the emergency.
- C. Departments should have MSU PCards to accommodate emergency situations.
- D. Purchases that do not meet the identified criteria for emergency orders and are ordered without prior authorization will be treated as unauthorized orders.

### 270.11.2 Capital Equipment Orders

- A. Capital Equipment is defined as non-expendable personal property with an acquisition cost of \$5,000 or more per unit, a useful life of more than one year and the capacity to function as a stand-alone unit without assistance of another unit. The appropriate object code designating the type of equipment is to be utilized for all capital acquisitions.
- B. Systems may include both essential items and accessory/auxiliary apparatus necessary to make the equipment usable for the purpose for which it is acquired. Under these circumstances the entire system may be capitalized; however, items purchased after the initial order will not be classified as equipment.
- C. Upgrades of \$5,000 or more to an existing system, if properly coded, may be added to the original purchase value by Capital Asset Management.
- D. Other types of equipment that are capitalized include fabricated equipment, consigned equipment, leased equipment, and gifted equipment. See [Section 224 of the Manual of Business Procedures](#) for additional details regarding equipment acquisitions and their classification.
- E. The capitalization threshold for software has been set at \$500,000 per software license, which is consistent with other Big Ten University's proposed intangible asset thresholds. MSU is required to capitalize the costs incurred to obtain the software.

### 270.11.3 Computer Purchases

- A. Dell and Apple computers are purchased using existing contracts. Orders may be placed through the Computer Store or directly by departments using the automated purchase order process in Spartan Marketplace.
- B. Orders for computer purchases exceeding \$5,000 are to be treated as capital equipment and handled by a member of the Procurement staff. An order totaling or exceeding \$5,000 which includes accessories may not be considered as capital equipment and should be reviewed with Capital Asset Management prior to completion of the order.

### 270.11.4 Construction, Building, Capital Improvement, Alterations and Improvements to Facilities

- A. All capital construction projects occurring on the MSU campus and properties are handled and processed by Infrastructure, Planning, and Facilities (IPF) and on IPF signature authority.
- B. University departments are to contact Office of Planning and Budgets-Facilities Planning and Space Management (FPSM) and/or IPF regarding all requirements for construction, building, capital improvement, and alterations projects per Manual of Business Procedures (MBP) Sections 201 and 260. Note: Per Section 201, departments are required to obtain approval from OPB/FPSM for all work exceeding \$20,000.
- C. In accordance with Board of Trustees policy 02-06-01, prior approval by the Board of Trustees is required for the planning and implementation of the construction of a new facility or other real property improvement or any significant maintenance project when the estimated cost is anticipated to 1) exceed \$5 million, 2) change the height or footprint of an existing building other than a temporary building, or 3) would make a material, long-term change to the landscape. See the [Capital Project Planning and Approval Policy](#).
- D. In accordance with the [President's Delegation of Signature Authority memorandum](#), only Procurement or the Vice President or Assistant Vice President for Strategic Infrastructure Planning and Facilities may enter into a design, construction, product or services agreement/contract committing MSU. In general, projects equal to \$250,000 or more are executed with design and construction agreements managed and processed by IPF. These agreements will also have an associated purchase order for use as a payment vehicle only.
- E. Competitive solicitation requirements identified in MBP Section 270.7, apply to all construction projects and are managed by IPF. For any alteration or facility improvement project,

reference MBP Section 201. In accordance with MBP Section 201, IPF will route alterations and facility improvement projects or segments of these projects to Procurement for competitive solicitation should the nature of the project and/or dollar amount of goods and/or services being acquired require this (e.g., if equipment such as a video screen needs to be procured for a construction project, as Procurement would own the equipment procurement process).

F. Companies and individuals performing work or services on university property are required to carry, and provide proof of, insurance coverage deemed adequate by the university. Payment and performance bonds are required by statute for all construction contracts equal to or greater than \$50,000. Bonds will be maintained by IPF for minor and major projects.

#### 270.11.5 The Facility for Rare Isotope Beams (FRIB) Orders

Due to the unique requirements of the FRIB project, orders are processed by procurement staff assigned to the FRIB unit. All FRIB orders are processed in a separate system and electronically transferred to KFS for payment issuance by Accounts Payable.

In compliance with the Memorandum of Signature Authority, the Associate Vice President and Chief Procurement Officer delegates authority to FRIB to execute purchases and to sign contracts for their work.

#### 270.11.6 Lease Purchases

A. External Lease agreements are to be signed by the Assistant Vice President for Finance and Operations or the Vice President for Finance and Operations and Treasurer or in certain cases by the Associate Vice President and Chief Procurement Officer.

B. Equipment lease agreements are signed by the Associate Vice President and Chief Procurement Officer or higher authority level.

C. As an alternative to external leases, University Procurement and Logistics offers a Lease Purchase Program. Advantages to the lease purchase program include the university's ownership of the equipment mitigating potential personal property tax fees; ease of execution as there is no lease agreement requiring review by the buyer or by legal staff; the interest income remains within the institution.

#### 270.11.7 Professional Service Contracts

Professional Service Contracts (PSC) are used for the purpose of hiring independent contractors to perform work on behalf of a university department. These are often individuals who are not incorporated, have not formed a business entity, and are working as sole proprietors against a social security number. PSCs are completed by the end user department, attached to a purchase requisition, and completed as a purchase order by Procurement personnel following a thorough review. See [Manual Business Procedures Section 76](#) for additional details.

#### 270.11.8 Property Leases

Real estate leases are reviewed and signed by Land Management or a higher authority. Purchase orders may be established as a payment mechanism for property leases. When this is done, the buyer is required to obtain a copy of the fully executed lease for the purchase order file as supporting documentation for payment transactions against the order.

#### 270.11.9 Security Alarm Purchases

All purchases of security alarm systems are to be routed to the Department of Police and Public



Safety per policy memorandum dated July 3, 2002.

Reference: [MSU Police website](#)

#### 270.11.10 Telecommunication Systems

A. All purchases of campus voice systems, (such as voice over internet protocol and/or telephone systems) must be approved by Telecommunication Systems. The voice system must be designed with a minimum of four hours of continuous power in the event of a loss of building power. See Manual of Business Procedures Section 280 for additional details

B. All purchases of two-way radios, wireless communication systems and signal boosters must be approved by Telecommunication Systems. There are issues surrounding frequencies and licensing that must be reviewed prior to any purchases.

#### 270.11.11 Autoclaves, Boilers and Cold Water Heaters

To ensure compliance with state of Michigan regulatory requirements, the installation of any fired or Unfired pressure vessels that contain an ASME stamp, must be approved by Infrastructure Planning and Facilities (IPF). Pressure vessels may include but are not limited to autoclaves, boilers steam/hot water, cold water heaters, expansion tanks, storage tanks, and/or related fixtures.

#### 270.11.12 Radioactive Purchases

All radioactive purchases must be approved by Environmental Health and Safety (EHS). Purchases for radioactive materials are automatically routed to EHS, based on the commodity code (1214220), prior to final issuance of the order.

#### 270.11.13 Drugs/Narcotics (controlled or other)

A. Anyone requesting controlled substances, Classes I through V, must have a personal DEA license. The license containing the Schedules/Classes approved for purchase is determined by the DEA. Once the license is granted, requestors for prescription medications must then be registered through EHS.

Reference: [MSU EHS license process](#)

Licenses or DEA Form 222 used for narcotic Class I and II purchases should not be attached to the requisition or sent to Purchasing.

B. A copy of the purchase order will be sent to the end user from Procurement.

1. It is the responsibility of the end user to fax or email this order to the supplier for a Class III, IV or V.
2. The end user must mail the DEA Form 222 and purchase order to the supplier for a Class I or II narcotic.

#### 270.11.14 Scientific Alcohol

A. The purchase of 190 proof alcohol and 200 proof alcohol for scientific purposes is regulated by the federal government. These regulations require the following:

1. Michigan State University must maintain a permit for such purchases. University Stores maintains the permits for ethyl alcohol and specially denatured spirits and applications are signed by the Associate Vice President and Chief Procurement Officer.

2. Alcohol may only be used as allowed in the regulation.
3. Records must be kept regarding the use and quantity on hand.
4. It must be stored in a locked safe area.
5. It is not to be sold to another firm or given to another firm for reclaiming without first obtaining a permit.

B. Departments obtaining alcohol from University Procurement and Logistics must complete their order by logging into KFS and selecting the University Procurement and Logistics or Spartan Marketplace link.

C. Alcohol purchases are not allowed at the University Stores service counter.

#### 270.11.15 Vehicle Purchases

A. All Michigan State University-licensed motor vehicles are within the responsible purview of the Transportation Services department of Infrastructure Planning and Facilities. Transportation Services will arrange for obtaining new vehicles, disposing and reassigning of old or surplus vehicles, securing and maintaining the necessary titles and licenses, performing proper maintenance, maintaining required service records, ensuring fleet safety standards and other required fleet management responsibilities.

B. On occasion, specialty vehicles (such as garbage collection vehicles or recycling vehicles) are procured by university departments. In these instances, specifications unique to the vehicles purpose must be provided by the end user department. Procurement will review the specifications and sourcing options and may competitively solicited prior to completion of a final order for the vehicles.

C. Passenger vehicles (e.g., sedans, station wagons, passenger vans, etc.) may be rented daily or leased from the Transportation Services department. Special-use vehicles, such as service trucks, may be leased or be department owned.

D. Vehicles for use in foreign countries - MSU purchases vehicles in foreign countries for use in foreign countries. These vehicles are typically all terrain vehicles designed for use in the climate and terrain of the location. When possible, these orders are to be competitively solicited. If this is not possible, the price should be verified as reasonable based upon the current price of the vehicle in the United States and the procurement processed as a foreign order for use in foreign country.

E. Low speed vehicles - MSU policy requires Procurement to approve the purchase, lease, or rental of all low-speed vehicles. Approval will be granted only when the low-speed vehicle will be used for a valid business purpose.

Reference: [MSU Institutional Policy](#)

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#### 270.12 GLOSSARY

1. Account Number - The university designation for funding for any particular purchase by a department. This can also be a supplier identifier for the university or a university department, similar to a customer identification number.
2. Automatic Purchase Order (APO) - A purchase order that is automatically issued by the financial system and sent to the supplier with no intervention from Procurement.
3. Buyer - An individual who has been delegated the authority to commit university funding externally in the form of an agreement and/or purchase order. This is a title for a specific role

within Procurement and is used throughout this document as a generic term that applies to any member of the Procurement staff.

4. **Competitive Solicitation** - The practice whereby university needs are formally competed among qualified suppliers in a fair and unbiased manner to obtain items conforming most closely to the stated requirements, under the best pricing and most favorable conditions.
5. **Conflict of Interest** - A situation in which financial or other personal considerations may compromise, have the potential for compromising, or have the appearance of compromising an employee's objectivity in meeting university duties or responsibilities related to the purchase of equipment and other supplies. MSU policy prevents preferential treatment in purchasing goods and services by separating the interests of employees from the interests of MSU.
6. **Contract** - A legally enforceable agreement between two or more parties with mutual obligations, which may or may not have elements in writing. (1) An agreement between two or more competent parties in which an offer is made and accepted, and each party benefits. The agreement can be formal, informal, written, oral or just plain understood. Some contracts are required to be in writing in order to be enforced. (2) An agreement between two or more parties which creates obligations to do or not do the specific things that are the subject of that agreement. Examples of a contract are a lease, a purchase order, or a rental agreement.
7. **Contract and Grant Administration** - The entity responsible for administering sponsored research activities at MSU.
8. **Contract Manager** - A member of the Procurement staff who has a specific role with the ability to process purchase orders in the university's financial system.
9. **Debarment** - Debarment actions prevent companies from participating in government contracts, subcontracts, loans, grants and other assistance programs. The effect of suspension and debarment by a federal agency is government wide. Debarment actions protect the government from doing business with individuals/companies/recipients who pose a business risk to the government. Reference: [EPA website](#)
10. **Disbursement Voucher** - A Quali Financial System document that is used to pay for goods or services under certain defined conditions.
11. **End User/Requestor** - The individual in the university department who will be using or obtaining the goods and services procured by Procurement. This individual may also be a fiscal officer.
12. **Environmentally Responsible Procurement** - The procurement of items that takes into consideration whether the products are environmentally favorable (reducing the university's carbon footprint, are low VOC, low energy utilization, lower water use, etc.).
13. **Excluded Parties List** - A database that identifies those parties excluded from receiving federal contracts, certain subcontracts and certain types of federal financial and non-financial assistance and benefits. Reference: [SAM website](#)
14. **Fiscal Officer** - An individual in a university department who has a variety of financial responsibilities and approval authorization via system workflow.
15. **Foreign Order** - A purchase order issued to companies in non-U.S. countries which results in the importation of goods or services which may be subject to U.S. Customs and Border Patrol regulations and U.S. Internal Revenue Service tax requirements.
16. **Freedom of Information Act (FOIA)** - A federal law that allows for the full or partial disclosure of previously unreleased information and documents controlled by the U.S. government. The Act defines agency records subject to disclosure, outlines mandatory disclosure procedures and grants nine exemptions to the statute.
17. **Freedom of Information Act Office** - An office at MSU that is a part of the Office of the General Counsel that has responsibility for receiving requests and collecting, reviewing, and disseminating information relative to formal Freedom of Information Act requests.
18. **INCO Terms** - Freight and shipping terms used predominantly in foreign orders, though some U.S. companies are also using these universal shipping terms.
19. **Independent Contractor** - An individual who is not an MSU employee and who is performing

services on behalf of MSU.

20. Accounts Payable - The MSU department responsible for auditing and issuing supplier payments against contracts and purchase orders.
21. Kuali Financial System (KFS) - The university's financial system which includes the Procurement, Accounts Payable, Capital Asset Management, and Material Management functionality.
22. Office of the General Counsel - The MSU unit responsible for legal counsel.
23. Office of Sponsored Programs - The MSU entity responsible for pre-award activities for sponsored research.
24. Payment Terms - This designates the time frame in which payment must be issued by the university. Payment terms are typically calculated from receipt of invoice to receipt of payment by the supplier. Payment terms may include discounts which allow the university to retain a percentage of the price in return for expedited payment. In cases where payment terms are provided, the university usually exercises this option.
25. PCard - The university's purchasing card which is a university liability credit card issued to authorized end users who have limited purchasing authority.
26. Professional Services Contract - This is a document that assists in defining the relationship between a potential contractor and the university and whether the individual should be an employee or an independent contractor. The PSC form documents the approvals necessary to engage an independent contractor at MSU and defines the scope of work, hourly rate, payment terms and conditions for a particular project. The completed, signed form is submitted as an attachment to the REQ used to generate a purchase order. High dollar engagements of contractors should be processed via requisition and purchase order, preferably on a competitive solicitation basis using Procurement's Request for Proposal process.
27. University Procurement and Logistics/Procurement - The MSU campus unit charged with the authority to make external financial commitments on behalf of the university.
28. Purchase Order - A contractual document that lists requirements, standardized text (boilerplate), additional stipulations, and payment and shipping terms for purchases made by MSU. Purchase orders are issued by Procurement based upon requirements defined in a requisition.
29. Purchase Order Number - A system designated, sequentially assigned number that is associated with a particular purchase transaction.
30. Request for Information (RFI) - A document used to obtain information when the market conditions, available supplier pool or requirements are not well defined.
31. Request for Quotation (RFQ) - A document used to obtain competitive solicitations.
32. Request for Proposal (RFP) - A document used to obtain a competitive solicitation that involves complex requirements for equipment, goods and/or services.
33. Requisition - An electronic document in KFS that serves as a purchase request and initiates a purchase transaction in the system.
34. Shipping Terms - The agreed upon terms for shipping an item(s). In the financial system, shipping terms are separated into the two elements: "shipping title" (transfer of ownership of the item or title transfer) and "shipping payment terms" (who is responsible to pay for shipping).
35. Single Source - Purchase requests will be considered in instances where alternate products and sources exist, but only one truly meets the needs of the requesting department and all others are found to be inferior. 'Single' means 'the one among others'.
36. Sole Source - A situation when no alternative exists for the item(s) or service(s) required and the identified source can be documented as the only source available. The determination is not price based, but based on the unique qualifications or requirements of the purchase that no other source is available to provide. These are typically instances of proprietary offerings.
37. Strategic Contracts - Contracts for commonly used goods or services that are intended for use institution-wide and provide for increased ability to leverage institutional spend.

38. Supplier Diversity Program - A business program that encourages the use of minority-owned, women-owned, veteran-owned, service-disabled veteran-owned, historically underutilized business and SBA defined small businesses as vendors.
39. Terms and Conditions (T&C) - Language that helps define the purchase transaction and relationship with the supplier for a particular purchase transaction. These are often standard and may be specific to a particular type of purchase, such as contracted services, equipment, commodities, etc.
40. Unauthorized Order - External purchases and/or commitments made without a valid purchase order by an end user who does not have delegated signature authority for goods or services and the requisition/documentation is processed after the fact.
41. Vendor/Supplier - A vendor or a supplier that provides goods or services to MSU.
42. Workflow - The process by which electronic documents are routed through KFS for approvals.

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## 270.13 EXHIBITS/FORMS

1. [Criminal Background Check policy](#)
2. [Delegation of Signature Authority](#)
3. [Supplier Disclosure of Conflict of Interest](#)
4. [Sales and Use Tax Exempt Status](#)

### EXHIBIT 1

#### MSU CONTRACTOR

#### CRIMINAL BACKGROUND CHECK REQUIREMENTS

##### 1. Purpose

The University strives to provide a safe and enjoyable environment for its students, faculty, staff, and visitors in support of its educational mission. In support of that goal, this document sets forth criminal background check requirements for specified University contractors.

##### 2. Applicability

These requirements apply to the following University contractors contractors[1]:

A. Direct delivery vendors and equipment service providers that work in or have access to any campus residential facility or any facility that is regularly used by children.

B. Contractors working on construction projects in occupied campus residential facilities.

C. Contractors who maintain a regular presence on campus and whose duties require them to work in campus residential facilities; handle cash, credit cards, or other sensitive financial information; or have access to MSU IT networks or computer systems other than the MSU Guest Wireless system or an MSU email account.

##### 3. Criminal Background Check Certification Requirements

A. Each covered University contractor must certify that its employees working on campus have been subject to a criminal background check within the last twelve months.[2]

B. University contractors performing criminal background checks pursuant to this policy must utilize, at a minimum, each of the following tools to conduct the criminal background checks:

- Michigan State Police: Internet Criminal History Access Tool (ICHAT)

- Michigan Department of Corrections: Offender Tracking Information System (OTIS)
  - U.S. Department of Justice: National Sex Offender Public Web Site (NSOPW)
4. Criminal Background Check Results
- A. The following types of convictions will render an individual ineligible to perform work on campus unless a waiver is granted:
1. Drug distribution activity or felony drug possession
  2. Sexual offenses
  3. Crimes of violence involving physical injury to another person
  4. Child abuse, molestation or other crimes involving child endangerment
  5. Murder
  6. Kidnapping
  7. Theft or embezzlement<sup>[3]</sup>
  8. Any crime involving moral turpitude
  9. Any felony
- B. Contractors seeking to utilize an employee or subcontractor with one of the above listed convictions must apply for a waiver from Human Resources at:
- MSU HR  
Attn: Contractor CBC  
1407 S. Harrison Road  
East Lansing, MI 48823
5. Human Resources will consider the following factors when determining whether a waiver will be granted:
1. The nature and gravity of any criminal offense(s);
  2. The individual's age at the time of the offense(s);
  3. The number and type of offense (felony, misdemeanor, traffic violations, etc.);
  4. The sentence or sanction for the offense and compliance with the sanction(s);
  5. The amount of time that has passed since the offense and/or completion of the sentence(s);
  6. Whether there is a pattern of offenses;
  7. Whether the offense arose in connection with the individual's prior employment or volunteer activities;
  8. Information supplied by the individual about the offense(s);
  9. Work record and references after the offense(s);
  10. Subsequent criminal activity; and
  11. Truthfulness of the individual in disclosing the offense(s).
6. History
- This document was issued by the Office of the President on January 5, 2015.

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<sup>[1]</sup> Nothing in this Policy precludes a campus unit from implementing more stringent criminal background check requirements for contractors with access to safety sensitive facilities or if required by state or federal law. Implementation of such additional criminal background check requirements must be approved in advance by the relevant Vice President, with written notification to Procurement.

<sup>[2]</sup> Contractors who are sole proprietors or individual independent contractors must have the background check performed by a third party vendor. Contractors who need assistance identifying a third party vendor should contact MSU Human Resources.

<sup>[3]</sup> If the individual's job duties require access to cash, credit cards, or other sensitive financial information.

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