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## **OBJECTIVE**

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To ensure that all university funded purchases are authorized and in compliance with the Ohio Revised Code, the Ohio Administrative Code and The Ohio State University's Board of Trustees resolutions.

## **POLICY**

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Applies to: All staff in the Purchasing Department and any person who makes a purchase of goods or services on behalf of The Ohio State University.

Issued: 07/1972

Revised: 12/2007

Edited: 09/2013

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### **I. Overview**

- A. Board Resolution 2012-64 defines the policies that frame the purchasing process.

The Board of Trustees grants the authority to purchase on behalf of the university to the Office of Business and Finance, which delegates that authority to the Purchasing Department, which is responsible for central purchasing functions.

- B. Records Retention

All records and documentation relating to university purchases are maintained for the minimum timeframes established in the Records Retention Schedules set by University Archives.

- C. Delegated Buying Authority

The authority to purchase goods and services on behalf of the university (not to exceed \$5,000) can be delegated to a designated buyer of a college or vice presidential area, by the director of purchasing, subject to certain responsibilities and restrictions.

### **II. Personal Purchases and Conflict of Interest**

- A. Any negotiation or transaction for purchases of a personal nature is prohibited.

- B. The Purchasing Department is obligated to question requisitioned items that seem to be of a personal nature or an inappropriate expense against university funds.



- C. Conflict of interest in the purchasing process is to be avoided. It is the responsibility of all Purchasing Department staff, and any other individual authorized to conduct purchasing activities, to assure that the university does not knowingly enter into any purchase commitment that could result in a conflict of interest.
- D. Questionable purchasing situations are referred by the Purchasing Department to the Office of Legal Affairs.

### III. Ethics

- A. All Purchasing Department staff, and any other individual authorized to conduct purchasing activities, must adhere to the principles and standards of the Ohio Ethics Law.
- B. It is prohibited for any university employee to accept any gratuities, premiums or other incentives of a substantial value.
- C. The university subscribes to the National Association of Educational Procurement (NAEP) code of ethics which states that each employee involved in the expenditure of public funds is held to the highest degree of public trust and will abide by the following:
  - 1. Give first consideration to the objectives and policies of my institution.
  - 2. Strive to obtain the maximum value for each dollar of expenditure.
  - 3. Decline personal gifts or gratuities.
  - 4. Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.
  - 5. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
  - 6. Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement or a sample of the product.
  - 7. Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.



8. Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier; and/or be willing to submit any major controversies to arbitration or other third party review, insofar as the established policies of my institution permit.
  9. Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
  10. Cooperate with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods.
  11. Foster fair, ethical and legal trade practices.
  12. Counsel and cooperate with NAEP members and promote a spirit of unity and a keen interest in professional growth among them.
- IV. Special Buying Considerations
- A. Buy American
1. The university is required to give first consideration to goods that are mined or produced in the United States unless:
    - a. The purchase is inconsistent with the public interest.
    - b. Quantities are insufficient or not reasonably available.
    - c. U.S. produced materials are not of a satisfactory quality.
    - d. Goods are for use outside the United States.
  2. The Ohio Revised Code Section 125.09 and the Ohio Administrative Code Section 123:5-1-32 defines the Buy American requirements.
- B. Buy Ohio Program
1. The university is required to participate in the Buy Ohio Program, defined by the Ohio Revised Code Section 125.11 and the Ohio Administrative Code Section 123.5 1-26.



2. Under the Buy Ohio Program bidding procedures are unchanged; however, a 5% economic preference is afforded to those vendors located in Ohio and bidders from "border states", as determined by the state of Ohio.
  3. Current "border states" include: Michigan, Indiana, Kentucky, New York, Pennsylvania.
  4. The OSU Bid Certification Form is used to determine if a bidder qualifies for the Buy Ohio Program.
- C. State Use Requirement
1. Possitivity (formerly Ohio Industry for the Handicapped)  
  
Sections 4115.31 through 4115.35 of the Ohio Revised Code direct that any instrumentality of the state utilize a qualified non-profit state agency for the purchase of products and/or services which are available from a work center employing persons with disabilities.
  2. Ohio Penal Industries (OPI)  
  
Section 5147.07 of the Ohio Revised Code directs that any instrumentality of the state utilize the Department of Rehabilitation and Corrections for the purchase of products available from state correctional and penal institutions.
- D. State of Ohio Certified Minority Vendors
- The university has a goal consistent with the state of Ohio's mandate to purchase 15% of its goods and services from state of Ohio certified minority vendors.
- E. Capital Improvements
1. A capital improvement is a project that is substantially architectural. Capital improvements can include, but are not limited to, goods or services such as furniture, laboratory equipment or software.
  2. Capital improvement projects involving new or remodeled buildings require review by Facilities Operations and Development and the Purchasing Department.



**F. Independent Contractor versus an Employee Relationship**

1. All individuals providing services to the university must be paid directly by the university and appropriately identified as an employee or independent contractor. Purchase orders are not issued to university employees.
2. Departments should complete the [Documentation Form for Non-Employee Work Arrangements](#) to determine if an individual is an independent contractor or an employee.

**G. Purchases that Require Special Review and Approvals**

Certain purchases that are processed through the Purchasing Department require additional approval from the offices listed below. A direct purchase order cannot be issued for these categories; instead, a requisition must be entered that will workflow to the Purchasing Department for the appropriate approvals.

<b>Category</b>	<b>Approving Department/Office</b>
Advertising (except classified advertising up to \$5,000)	University Communications
Aircraft	Business and Finance
Alcohol	Appropriate Dean, Chair or Vice President
Auditing & Accounting Services	Internal Audit
Master Equipment Lease	Office of Financial Services
Gas Cylinders (Hospital & Lab Gases)	Purchasing
Insurance, Liability (non-medical)	Business & Finance - Risk Management Coordinator
Letterhead	University Communications
Off-Campus Leased Space	Physical Planning and Real Estate
Office Equipment (copiers)	Purchasing
Painting Services & Renovations involving Painting Services	Purchasing
Portable and Mobile Radio Equipment	Public Safety
Radioactive Material	Environmental Health and Safety
Repair, Renovation and Construction	Facilities Operations and Development
Satellite Dishes/Antennae	Facilities Operations and Development
Security Alarm Systems	Public Safety
Signage (Interior and Exterior Building)	Facilities Operations and Development
Telephone, Pager Equipment & Supplies	Information Technology
Vehicles	Transportation and Parking Services
Vending Services	Purchasing
Video Production over \$5,000	University Communications
Weapons, Ammunition or Explosives	Public Safety



H. Equipment Purchases that Include Trade-Ins

1. When a purchase order includes the trade-in of equipment, a credit value is included in the purchase order total.
2. The value of the credit is deducted from the cost of the new equipment and so noted on the order.
3. Purchase orders that include the trade-in of equipment must include the equipment serial number, model number and OSU inventory number of the trade-in.
4. The Ohio State University Research Foundation (OSURF) must approve the trade-in of any OSURF equipment prior to the issuance of a purchase order by the Purchasing Department.
5. Trade-in information should be submitted to the Office of Equipment Inventory by the equipment owner and removed from inventory records.

I. Vehicles

1. The Purchasing Department, in conjunction with Transportation & Parking Services, coordinates the lease or purchase of vehicles.
2. An approved [Vehicle Acquisition Form](#) and an approved requisition should be submitted to the Purchasing Department for each purchased or leased vehicle requested.
3. Once the required reviews have been completed, the Purchasing Department will process the lease/purchase via a purchase order.

J. Vending Services

1. All requests for the installation of vending equipment and concession service should be directed to the Purchasing Department vending services coordinator.
2. The Purchasing Department represents the university in administering all vending machine service and concession agreements and contracts.
3. Specifications for competitive bids for any proposed vending or concession service are developed by the Purchasing Department.



**K. Use of University Name**

1. The university regulates and controls the use of its name and other identifying marks in advertising conducted by suppliers that provide goods or services to the university.
2. Requests by any person or business to use the university's name or other identifying marks must be forwarded to the director of trademark and licensing services for approval.

**L. International Purchases**

1. Shipments from international sources are cleared by the university's contracted customs broker who works with the United States Customs Office.
2. Brokerage fees will be charged to the using department's chartfield shown on the purchase order.

**M. Gift-In-Kind**

1. A gift-in-kind is any non-cash, tangible gift given to the university. A gift-in-kind is sometimes offered by a supplier in conjunction with a purchase from that supplier. Examples include fine art, computers, books, equipment or real estate.
2. Departments must report all offers for gifts-in-kind to the Office of University Development to begin the gift credit process.

**N. Equipment Leases**

Equipment may be financed using various types of lease transactions. For the purposes of determining bidding thresholds, an equipment lease is considered a service and a lease/purchase is considered goods. The Master Lease, administered through the University Office of Financial Services, provides low interest rates for equipment purchases valued at \$10,000 or more.

**O. Waiver of Competitive Bidding**

1. The Senior Vice President for Business and Finance may approve requests to waive the competitive bid process for certain purchases.



2. The following are justifications for granting a waiver of the competitive bid process:
    - a. Sole Source: A sole source justification exists if the required goods or services are only available from one supplier.
    - b. Emergency: The goods or services are needed to correct or prevent an emergency health, environmental or safety hazard; to provide for the completion of special or time sensitive events; and/or for emergency repair or replacement of existing equipment essential for daily operations.
    - c. Economic: Responsible economic procurement relieves the university of potential additional expenses that would result from not making the purchase; use of another supplier would result in incompatibility with existing conditions; use of another supplier would require considerable training, time and money to evaluate; the goods or services are being used in ongoing long-term projects; and/or the product or service offered is at a substantial discount below current market conditions and price structures.
  3. Specific products for resale to the general public by the university may be purchased without competitive bidding in those instances where customer and brand preferences are recognized and incorporated into the rationale for waiver of the competitive bid process.
  4. In addition, there are several [Board of Trustees resolutions](#) in place to allow for purchases of unique requirements without competitive bidding (examples include: artwork, blood and performers).
- P. Building Maintenance and Repair
1. Building maintenance and repair may include changes in walls, doors, electrical, plumbing, heating, venting, air conditioning systems, site work, etc.
  2. Requisitions for a building maintenance and repair or similar projects are processed after review and approval by Facilities Operations and Development.
  3. Chapter 4115 of the Ohio Revised Code relating to the payment of prevailing wage rates on public improvements states that prevailing wages must be paid on projects whose estimated or actual values equal or exceed the [current prevailing wage threshold levels](#). Sections 4115.0 through 4115.99 require that prevailing wage information be furnished to The Ohio State University,





Office of Prevailing Wage Coordinator, Facilities Operations and Development.

Q. After-the-Fact Purchase Orders

1. A purchase order must be issued prior to the purchase occurring or the purchase is classified as an After-the-Fact purchase, except skilled trade orders purchased through eStores.
2. All After-the-Fact Purchase Orders must follow the Exception policy within the Expenditures policy.

**PROCEDURE**

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Applies to: All staff in the Purchasing Department and any person who makes a purchase of goods or services on behalf of The Ohio State University.

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I. Delegated Buying Authority

A. Authorization

The authority to purchase goods and services on behalf of the university (not to exceed \$5,000.00) can be delegated to a designated buyer in units outside the Purchasing Department. This designation, authorized by the college/vice presidential area senior fiscal officer, and approved by the director of purchasing, is subject to certain responsibilities and restrictions.

B. Process to Become a Delegated Buyer

Complete the required steps which include training available in Carmen. See the complete [checklist](#) of tasks to become a delegated buyer.



II. Procurement Methods

The following chart describes the methods available to purchase goods and services at The Ohio State University.

Method	Purpose	Considerations
<b>Purchases from eStores &amp; Internal Suppliers</b>		
eStores MarketPlace	University's preferred method for purchases from Stores and external suppliers.	<ul style="list-style-type: none"> <li>▪ Not subject to bid limits since all products and services are under contract.</li> <li>▪ May be used for purchases from sponsored programs administered through the Research Foundation.</li> </ul>
eRequest	Used for purchases from both internal and external suppliers.	<ul style="list-style-type: none"> <li>▪ May be used for purchases from sponsored programs administered through the Research Foundation.</li> <li>▪ Business purpose must be indicated on eRequest.</li> <li>▪ Receipt of purchase must be documented.</li> </ul>
<b>Purchases from External Suppliers</b>		
Purchasing Card (PCard)	<ul style="list-style-type: none"> <li>▪ Used for purchases of goods and services.</li> <li>▪ Limited to \$2,500/transaction and \$7,500/month.</li> </ul>	Refer to <a href="#">PCard Policy 2.23</a> for details regarding this procurement method.
Purchase Order	Used for purchases of goods and services not in the eStores MarketPlace and in excess of the Purchasing Card and Travel Card dollar limits.	Subject to bid limits of \$25,000 for goods and \$50,000 for services including planned purchases that will cumulatively reach or exceed these totals during a fiscal year.
Blanket Purchase Order	Used for recurring purchases of a specific service or commodity when the quantity or frequency of delivery cannot be fully determined at the time the purchase order is initiated.	<ul style="list-style-type: none"> <li>▪ Each release against a blanket purchase order must be documented on the university's standard <a href="#">Blanket Purchase Order Release Form</a>, or eRequest.</li> <li>▪ Subject to bid limits of \$25,000 for goods and \$50,000 for services including planned purchases that will cumulatively reach or exceed these totals during a fiscal year.</li> </ul>



## RESOURCES

Ohio State, Department of Purchasing, 614-688-8200, <http://purchasing.osu.edu>

| Ohio State, Office of Academic Affairs, Data Security Team, user set up for Financials System, <http://ocio.osu.edu/services/service-details/hrfin/general-information/securityandworkflow/>

Ohio State, Office of Academic Affairs, Financials / Procurement Training, <http://ocio.osu.edu/services/service-details/hrfin/training/>

[Guidance on Confirming Receipt of Goods and Services](#)