

Procurement Policy

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Policy Statement	Effective Date: October 1, 2017
Reason for Policy	Last Updated: July 31, 2017
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Related Information	Vice President for Business and Finance
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FAQ	Policy Contact:
Revision History	Janet Teymourtash, Director
Appendices	Purchasing and Ancillary Services (PAAS)

POLICY STATEMENT

All University expenditures, except for those noted as out of scope or emergency in nature, should be initiated through Hilltop Shop, USF's e-procurement system. Hilltop Shop is a cloud-based, fully-automated procurement system.

Hilltop Shop allows:

1. Users to shop for goods and services through pre-negotiated University contracts;
2. Users to initiate purchase requisitions for goods or services that are not already pre-negotiated through a University contract;
3. Automatic requisition routing to obtain all necessary approvals including special permissions based on dollar thresholds, commodity, and/or expenditure types;
4. Access to expenditure transaction history, including requisition initiation, approval, receipt, invoicing, and payment;
5. PAAS to perform fair and impartial sourcing events to satisfy the University's Competitive Bidding Requirements (Exhibit II);
6. Vendor registration and approval;
7. The University to develop additional buying agreements and contracts by analyzing spend data and buying trends; and
8. Procurement-related contract repository.

All University vendors that provide goods and services within the scope of this policy will register through the Total Supplier Management (TSM) module of the Hilltop Shop, providing a central approval platform for new vendors and a secure repository for vendor records, including vendor contacts, information needed to process payments, and any Minority-Owned Business certifications submitted by the vendor.

Departments may establish more restrictive procedures than those set forth in this Policy, if desired.

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REASON FOR POLICY

This Policy establishes the standards for purchasing goods and services for University business.

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WHO SHOULD READ THIS POLICY

Any employee who makes business purchases; members of the Leadership Team, as well as supervisors and Business Managers who oversee such individuals.

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POLICY TEXT

Purchases for University business that are within the scope of this policy should be initiated and paid through Hilltop Shop, which is the University's electronic procurement system. All University employees ("Shoppers") can access Hilltop Shop online through myUSF. Through Hilltop Shop, employees can select goods or services for purchase from pre-negotiated catalogs and vendor websites ("Catalog Purchases"). Employees can also request goods or services that are not available through either a catalog or vendor website available through Hilltop Shop ("Non-catalog Purchases"). Both Catalog and Non-catalog purchases will be routed to a "Requestor", who will initiate the approval process, in accordance with purchasing authority thresholds described in this Policy. A University employee who is approved as a "Requestor" by their Business Manager can purchase Catalog Items less than \$500 without going through the system-generated approval process.

Expenditure Authority and Required Approvals

Review and approvals for all University expenditures within the scope of this policy, including both Catalog and Non-catalog Purchases, should be obtained according to the following dollar thresholds. The purpose of the review and approval is to verify the appropriateness or necessity of the purchase, budget availability, and the proper FOAP (the Fund, Organization, Account, and Program code that must be identified for the expenditure to be accounted for properly in the Banner Finance system).

Exhibit I: UNIVERSITY APPROVAL REQUIREMENTS

Expenditure \$ Threshold	Approval	Notes
Catalog purchases up to \$500 made by a University faculty or staff member that is approved as a Requestor by their respective Business Manager.	No approval required. The respective Business Manager will receive a system notification within Hilltop Shop when a catalog purchase is completed.	Business Managers will certify these purchases on a monthly basis.
All Catalog purchases \$500 or greater made by faculty or staff that are approved as Requester by their respective Business Manager	Business Manager	
All Non-catalog purchases	Business Manager	
\$5,000 or Greater	<u>Non-Provost Units:</u> Assistant or Associate Vice President, Athletic Director <u>Provost Units:</u> Dean and Associate Vice Provost up to \$10,000	Note that for Non-Provost Units, this threshold can be increased with approval by the respective divisional Vice President and the Vice President for Business and Finance, but cannot exceed \$50,000.
\$10,000 or Greater	<u>Non-Provost Units:</u> Respective divisional Vice President <u>Provost Units:</u> Vice Provost for Planning and Budget	

Certain types of expenditures require special approvals. Hilltop Shop will automatically route the requisition to the appropriate office for approval. Examples of special approvals include the following types of expenditures:

- Hazardous materials or chemicals;
- Branding, marketing or advertising;
- Information technology, including systems, hardware or software purchases;
- Appliances (i.e. air conditioners, heaters, microwaves, refrigerators, etc.);
- Furniture, fixtures, or equipment (FF&E)
- Grant purchases

Transactions that are Outside the Scope of this Policy

The following transactions are not within the scope of this Policy.

- Travel and entertainment expenditures that are generally paid with a University purchasing card in accordance with the University's Travel and Entertainment Policy. These types of expenditures include business-related travel expenditures such as hotel rooms, airline tickets and charges, taxi or other ground transportation, parking fees, business meals, and other Business Entertainment. See Travel and Entertainment Policy.
- Student, faculty and staff refunds (for example, Koret or Don Dollar refunds)

- Employee and non-employee reimbursements processed through Concur
- Tuition reimbursement
- Certain expenditures that would not benefit from the procurement process and/or it is not feasible to register the vendor in the e-procurement system.
 - Memberships and dues
 - Newspaper or periodical subscriptions
 - Honorariums, awards or stipends
 - Moving reimbursement
 - Conference registration
 - Accreditation and student testing fees
 - Electronic data plans paid through a University purchasing card or employee reimbursement through Concur in accordance with the Electronic Communication Policy
 - Bad debt and collection fees
 - Utilities, such as electricity, gas, and water
 - Fuel for vehicles
 - DMV renewal fees
 - Legal fees
 - Accounting fees
 - Tournament entry or game guarantee fees
 - Taxes, such as property and payroll taxes
 - Banking fees
 - Investment management fees
 - Interest payments
 - Insurance premiums and fees
 - Government permits and fees
 - Payments made to other higher educational institutions for study abroad programs

Note that this list may not be all-inclusive. Please contact the Policy Owner for questions about certain expenditures.

Emergency Expenditures

Emergency expenditures are defined, for purposes of this Policy, as any situation that requires an immediate purchase to avoid any of the following developments:

- Any hazard to persons or property;
- Damage to buildings, facilities, or grounds;
- Any violation of law, statute or ordinance.

In an emergency, a vendor may be engaged to deliver goods or services, or goods or services may be procured with a University-issued purchasing card. A follow-up purchase request should be made through Hilltop Shop within five business days of the transaction.

Conflict of Interest

All University employees are obligated to conduct the affairs of the University in a manner that promotes the University's mission, vision and values. A conflict of interest may exist when an

employee has financial, personal, or other considerations that may affect or appear to affect his or her professional judgment in decision-making on behalf of the University. See **Conflict of Interest Policy**. A user may identify a possible Conflict of Interest by completing the New Vendor Request form in Hilltop Shop. Hilltop Shop will route the request to the Office of Human Resources and the respective divisional Vice President for approval.

Competitive Bidding and Sourcing Events

The following competitive bidding thresholds should be followed for all goods and services that fall within the scope of this policy and that are not already available through vendor catalogs or websites that can be accessed through Hilltop Shop. Purchasing and Ancillary Services should be contacted as soon as possible when the need for goods or services is identified and the total cost estimate of the goods or services is expected to be greater than \$5,000.

Exhibit II: UNIVERSITY COMPETITIVE BIDDING REQUIREMENTS

\$ Threshold	Bidding Requirements	Bidding Process
Up to \$5,000	Verbal or written quotes may be obtained	Pricing should be reasonable but there is no requirement to solicit a competitive quote or proposal. Note that if the goods or services are available as a Catalog Purchase through Hilltop Shop, existing vendor contracts should be utilized.
\$5,000 to \$25,000	2 written quotes	Obtain a quote or proposal from at least 2 qualified sources.
\$25,000 to \$50,000	3 written quotes	Obtain a quote or proposal from at least 3 qualified sources.
Greater than \$50,000	Formal Request for Proposal required	Request for proposals should be evaluated in accordance with vendor pricing, quality, ability of vendor to meet specific delivery requirements, quality of service, and other qualitative factors. A "Vendor Scorecard" is encouraged, which can help quantify both pricing and qualitative requirements in order to select the vendor proposal that best meets the requirements of the user or recipient of the goods or services.

Sole or Single Source Justification

A Sole Source Justification should be completed for each expenditure for goods or services that is expected to cost greater than \$5,000 and falls into one of the following eight categories:

1. Sole Source: The product or service is available only from only one source.
2. Single Source: There is only one vendor that is uniquely qualified to provide the product or service.
3. Emergency Expenditure
4. The product or service must match or be compatible with current equipment or services.
5. The product or service needed is controlled/mandated by a USF policy or agreement, local utility or government.

6. The product or service needed is specifically required for use in conjunction with a grant or contract.
7. Artistic Services
8. Capital project expenditure (grant-funded excluded) to meet specific timeline; VP approved).

For goods or services that fall into one of these eight categories, the requester of the goods or services should complete the Sole Source Justification section of the following e-procurement forms, which will be submitted for approval in accordance with the University Approval Requirements in Exhibit I of this policy:

- Non-Catalog Requisition
- Service Order Requisition
- Payment Request
- Independent Contractor

Grant-Related Procurement

Updated procurement policies for all expenditures related to grants that have been awarded to the University are documented by the Office of Contracts and Grants. See **Grant Procurement Guidelines**. Hilltop Shop will automatically route requisitions to the Grant Office for approval when a grant FOAP is used.

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RELATED INFORMATION

Type	Title
USF	Travel and Entertainment Policy
USF	Purchasing Card Policy
USF	Moving Reimbursement Policy
USF	Conflict of Interest Policy
USF	Grant Procurement Policies and Procedures

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DEFINITIONS

Term	Definition
Business Entertainment	Any activity generally considered to provide entertainment, amusement, or recreation, including the furnishing of business meals. The expense must be ordinary, necessary, and reasonable and must be either directly related to or associated with the active conduct of University business. See Travel and Entertainment Policy .
Business Expenditure	Ordinary, necessary, and reasonable expenditure incurred for goods and services in furtherance of the University's educational mission.

Business Manager	A University employee, designated by the President, Vice President, Vice Provost, or Dean who is the financial manager for the University account(s) funding a University Business Expenditure.
Catalog Purchase	Purchase of goods or services from pre-negotiated catalogs and vendor websites through Hilltop Shop.
Conflict of Interest	A conflict of interest may exist when an employee has financial, personal, or other considerations that may affect or appear to affect his or her professional judgment in decision making on behalf of the University. See Conflict of Interest Policy .
e-procurement Administrator	The University employee in Purchasing and Ancillary Services with overall responsibility for administering and updating the University's e-procurement system, Hilltop Shop.
Expenditure	The act of spending cash or cash equivalents in exchange for goods or services, regardless of whether it is for the acquisition of an asset, settlement of an obligation, or an expense.
FOAPAL (or FOAP)	The acronym representing each element of the University's chart of accounts, i.e., Fund, Organization, Account, Program, Activity, and Location.
Hilltop Shop	A cloud-based, fully-automated procurement system in which University faculty and staff can either purchase or request goods and services, depending on their level of purchase authority.
Minority-Owned Business	According to the U.S. Small Business Administration, a company within the United States or its trust territories that is owned, operated and controlled by minority group members who are U.S. citizens and are "socially and economically disadvantaged" ¹ . These types of certifications are often granted by the U.S. Small Business Administration, states, or local government agencies.
Non-catalog Purchase	Goods or services requested through Hilltop Shop that are not available through either a pre-negotiated catalog or vendor website.
Purchase Requisition	A purchase request initiated by a University faculty or staff member that notifies Purchasing and Ancillary Services of a description of items that need to be ordered, including quantities, an expected price of the items, and the timeframe in which they are needed.
Purchasing Card	A bank-issued Visa card with a standard single transaction limit of \$1,000 and a monthly credit limit of \$2,500. This card may be used for small dollar, business-related purchases that are outside the scope of this Policy. Cards may be used for travel and entertainment expenses when authorized by a Business Manager or supervisor.

¹ <https://www.sba.gov/starting-business/how-start-business/business-types/minority-owned-businesses>.

Quote	The current price at which a specific good or service can be purchased or sold.
Request for Proposal	A document issued by the University that solicits quotes for specific goods or services from multiple potential vendors.
Requestor	A University faculty or staff member who has been provided authority by their respective Business Manager to review purchases requested by Shoppers and initiate the approval process for a purchase in Hilltop Shop, in accordance with purchasing authority thresholds described in this Policy. A Requestor can purchase Catalog Items less than \$500 without going through the system-generated approval process.
Shopper	Any University faculty or staff member that has access to Hilltop Shop and can select goods or services for purchase from pre-negotiated catalogs and vendor websites (“Catalog Purchases”). Shoppers can also request goods or services that are not available through either a catalog or vendor website available through Hilltop Shop (“Non-catalog Purchases”).
Vendor	A person or business entity that sells goods or services to the University.

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ADDITIONAL CONTACTS

Subject	Contact	Phone	Email
Contracts and Grants	Karina Fantillo	415.422.5368	kgfantillo@usfca.edu
e-procurement Hilltop Shop Administrator	John Soulsby	415.422.2636	jsoulsby@usfca.edu
Finance and Treasury	Stacy Lewis	415.422.5540	lewiss@usfca.edu
Purchasing & Ancillary Services	Janet Teymourash	415.422.5898	janet@usfca.edu
Senior Sourcing Manager	TBD - Vacant		

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RESPONSIBILITIES

Employees

- Request purchases through Hilltop Shop. Most employees will be considered Shoppers, and will send the purchase request to the respective Requestor in their business unit, who will review the request, assign a FOAP, and submit the request for approval.
- Submit purchase requests only for valid Business Expenditures.

Business Manager

- Identify and approve Requestors within his or her business unit.
- Review and approve all Catalog (excluding Catalog purchases less than \$500 made by Requestors) and Non-catalog purchase requests within his or her business unit.
- Ensures all expenditures are Business Expenditures and in compliance with University policies.
- Promptly notifies the e-Procurement Administrator when a Requestor is terminated, transfers to another department, or should no longer be classified as a Requestor.

e-Procurement Administrator

- Works with Vendors to enable Catalog purchases and access to Vendor catalogs and websites with pre-negotiated contract prices on Hilltop shop.
- Works with Business Managers to identify faculty and staff that need to be classified as Requestors within Hilltop Shop.
- Works with Accounting and Business Services and Information Technology to ensure Hilltop Shop is properly integrated with the Banner Finance system, including the transfer of financial information and faculty and staff system security.
- Serves as the main point of contact between the University and Jaggaer, the software vendor for Hilltop Shop.
- Serves as the main point of contact for faculty and staff when questions or issues arise regarding the placement of purchase requests and approvals within the system.
- Provides training and system administrative support for Business Managers, faculty, and other University staff members.

Purchasing and Ancillary Services

- Ensures that orders are placed with suppliers in a timely fashion once all required approvals have been received.
- Manages University contracts with preferred Vendors that have hosted catalogs or links to Vendor websites on Hilltop Shop.
- Works with Requestors and Business Managers when Non-catalog purchase requests are made with cost estimates of \$5,000 or higher to obtain specifications of the goods or services that are being requested, identify potential vendors, and obtain Quotes or Requests for Proposals, depending on the expected dollar amount of the purchase.
- Manages the Request for Proposal process and works with Requestors and Business Managers to ensure a Vendor is selected from the competitive proposals received within necessary timelines. Ensure all Sole Source Justification Requests are properly reviewed and approved.
- Manages vendor registration process to ensure all Vendors are properly reviewed for activation within Hilltop Shop.
- Identifies Vendors that are certified as Minority-Owned Businesses and communicates competitive bidding opportunities to qualified Vendors.

Vice Presidents, Vice Provosts, Associate Vice Provosts, Assistant and Associate Vice Presidents, and Deans

- Review and approve purchase requests within Hilltop Shop in a timely manner so that purchases are not delayed.

- Ensure that University faculty and staff in his or her division are in compliance with this Policy and related University policies.
- Reviews and approves Sole Source Justifications in accordance with Policy approval thresholds.

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FREQUENTLY ASKED QUESTIONS

To be added.

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REVISION HISTORY

- 10/10/2017 - First publication of Policy.

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APPENDICES

Appendix A: Buying and Paying Guide