1. Policy Statement

Vanderbilt University supports a purchasing environment that recognizes the unique purchasing needs of university departments. This policy is provided to facilitate the purchase of goods and services needed to meet these unique purchasing needs in a timely, efficient, and cost effective manner. This policy defines the general principles and guidelines associated with purchasing goods and services on behalf of the university.

A centralized purchasing system is used to leverage purchases for best pricing and to maintain an inventory of all purchased items. Vanderbilt University purchase orders are governed by standard terms and conditions. Prior approval is required to bind Vanderbilt University in any agreement (Delegation of Authority) or payment liability.

2. Scope

This policy applies to all Vanderbilt departments, faculty, and staff engaged in the process of securing goods or services on behalf of the university.

3. Definitions

Business Associate Agreement (BAA) – a contract required by suppliers with access to protected health information (PHI) necessary to do business with Vanderbilt in which they agree not to disclose PHI in compliance with HIPAA regulations.

Business Unit/Entity Approver (BEA) – The Business Unit/Entity Approver is responsible for the stewardship of assigned financial unit(s) ensuring that transactions equal to or greater than $10,000 are recorded accurately and comply with applicable university and departmental policies. The BEA
requires a deep understanding of the operations and financial landscape of their entity as well as institutional financial policies and procedures.

**Contract** – A voluntary arrangement between two or more parties that is enforceable by law as a binding legal agreement.

**Disadvantage Business Enterprise (DBE)** – is a small business that is at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged. DBE status makes a company eligible for bidding and contracting benefit programs involved with federal procurement. Disadvantage Business include but not limited to:

- Minority-Owned (MBE)
- Woman-Owned (WBE)
- Disabled-Owned (DOBE)
- Veteran-Owned (VBE)

**Financial Unit Manager (FUM)** – The Financial Unit Manager is responsible for the financial stewardship of his/her assigned financial unit(s) ensuring that all transactions are accurate and comply with applicable university and departmental policies. The FUM requires a deep understanding of the operations and financial landscape of their financial unit as well as institutional financial policies and procedures.

**Purchase Order (PO)** – A purchase order is a document that authorizes a purchase transaction. This document is issued from a buyer to a seller and when accepted by the seller, the purchase order becomes a legally-binding contract. A purchase order contains the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, other associated terms and conditions, and identifies a specific seller.

**Purchase Requisition** – An internal request generated by a user department to notify Purchasing Services of goods or services it needs to order, the quantity, and the delivery timeframe.

**Supplier** – Individual, group, or entity providing products and/or services to the university or seeking reimbursement from the university.

4. **Policy**

a) Purchasing Services is the central purchasing authority for Vanderbilt University and is responsible for management and oversight of the purchasing process for the entire institution.

b) All written supplier forms of agreement for the purchase of goods and services, such as quotations, proposals, contracts, terms and conditions require vetting by Purchasing Services and, if deemed appropriate, by General Counsel to protect the best interests of the university. Vanderbilt’s Delegation of Authority Policy governs the signature authorization of contracts, legally binding agreements, memoranda of understanding, business ventures, and other agreements with external parties that create obligations to the university.
c) In general, Vanderbilt University does not enter into purchasing contracts with students, faculty, staff, or members of their immediate families. Exceptions may be allowed conditioned upon the other parties’ compliance with all contracting requirements, including evidence of appropriate business insurance and licensing, and acceptance of the standard Vanderbilt contract. These transactions are subject to the university’s Conflict of Interest Policy governing the conduct of staff relative to business relationships.

d) As a private university, Vanderbilt University is not subject to public disclosure laws nor is it in any way obligated to disclose information. Vanderbilt University considers all purchasing documentation including supplier quotations, proposals, and university internal documentation (including all requests for proposals) as confidential.

- The university requires Vanderbilt faculty and staff not to disclose confidential materials in any way to other suppliers, outside organizations, or to any unauthorized persons.

- All suppliers that receive or otherwise have access to Vanderbilt student-related records (“Student Records”) and personally identifiable information contained in such records are required to maintain such Student Records in accordance with the requirements of the Family Educational Rights and Privacy Act (FERPA), as a condition for doing business with Vanderbilt University.

- All suppliers that access, disclose, use, create, or store protected health information (PHI) in order to perform a function, service, or activity by or on behalf of Vanderbilt University are required to have a Business Associate Agreement (BAA) in place as a condition for doing business.

e) Vanderbilt’s Delegation of Authority Policy governs the signature authorization of contracts, legally binding agreements, and memoranda of understanding, business ventures, and other agreements with external parties that obligate the university.

f) Only the Senior Director of Purchasing and Payment Services or the Director of Purchasing Services are authorized to change or waive any standard purchase order terms or conditions. The standard payment terms are 45 days from invoice date and only the Chief Financial Officer (CFO) and Controller are authorized to grant exceptions to payment terms.

g) Vanderbilt requires competitive bidding of products or services totaling $25,0001 or more individually, or as a system including multiple components in order to appropriately safeguard university assets. As a condition for receiving federal funding for research, the university maintains a federally approved purchasing system in compliance with Federal Acquisition Regulations (FAR)2 and The Office of Management and Budget's Uniform Guidance.3 These Federal regulations mandate competitive bidding and require that the university must take steps to ensure diverse suppliers, including disadvantaged businesses, are given an opportunity to compete for the university’s business. As a result, Purchasing Services makes efforts to request bids from such diverse firms. When audited, the university must certify that

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1 Individual schools, divisions, or departments may institute limits more restrictive than this policy.
2 In accordance with 2 CFR 200.520 Criteria for a low-risk auditee, Vanderbilt has been granted permission to retain the $25,000 micro-purchase threshold for Federally-funded purchases under the Simplified Acquisition Threshold (§200.320).
3 Vanderbilt University will comply with the Uniform Guidance procurement standards contained in Office of Management and Budget (OMB) 2 CFR Chapter I, and Chapter II, Part 200, Subpart D Purchasing Standards §200.317 - §200-326 effective July 1, 2018.3 Uniform Guidance Procurement Standards
policies are in compliance for all transactions - not just those that are federally funded. An audit failure would result in a requirement for government approval for every individual purchase transaction when federal funding is involved.

The following exemptions to the competitive bidding process are permissible under this policy:

- The equipment, supplies, and/or service provider are required by the funding agency (specifically named in an awarded grant or contract) and therefore deemed essential to the project;
- The specific materials or supplies are required to maintain critical experimental continuity;
- The property or services can be obtained only from a specific supplier (i.e., real estate, utility services, one of a kind items);
- Competitive sourcing is precluded because of the existence of patents, copyrights, secret processes, or control of raw materials by suppliers or similar circumstances that limit competition;
- The procurement of replacement or upgrade components for equipment manufactured by a specific Original Equipment Manufacturer (OEM) if OEM parts are required in order not to void the warranty;
- The support services in connection with the assembly, installation, or servicing of equipment or software is of a highly technical or specialized nature;
- The procurement of compatible additions to existing equipment where a different manufacturer's equipment would be impractical for the specific need;
- The procurement involving construction services where a contractor is already at work on a site and it would not be practical to engage another contractor for new work at the same site;
- The project/work has a firm schedule requirement which only one supplier has the capability of meeting. Failure to meet the schedule requirement would seriously impact the project/work;
- The procurement where only a single supplier in a relevant market is licensed or authorized to service or sell a specific product line and related services; and
- Software and/or Subscription renewal;
- Equipment service and/or maintenance agreements.

h) Vanderbilt University requires suppliers to present evidence of appropriate insurance coverage prior to commencement of any work or services on Vanderbilt University property. Certain types of professional services involving medical or personal services may require professional liability insurance coverage as determined by the Risk and Insurance Management team. The amounts and types of insurance required are the following:

- Workers' compensation and employer liability insurance covering all of contractors' employees who are engaged in any work under contract;
- Public liability and property damage insurance (construed as including contractor's protective and broad form insurance) that shall protect the contractor and any subcontractor performing work covered by the contract from claims for damages for personal injury, including death, as well as from operations under the contract, whether
such operations be by the contractor or any subcontractor, or by anyone directly or indirectly employed by either of them. The limits shall be no less than $2,000,000 each incident, $2,000,000 aggregate and $1,000,000 property damage or $2,000,000 combined single limit;

- Automobile liability insurance (including owned, non-owned, and hired vehicles) with a combined single limit for bodily injury, death, and property damage of no less than $1,000,000 per occurrence;
- Umbrella/Excess Liability with a $5,000,000 per incident and shall be excess of Commercial General Liability and Automobile Liability;
- Intellectual Property insurance infringement claim coverage under an Error and Omissions policy of at least $1,000,000 per claim, $2,000,000 aggregate; and
- Network Security/Privacy Liability (Cyber Liability) in an amount not less than $5,000,000 per occurrence.

Supplier shall furnish Vanderbilt with documentation for proof of insurance evidencing this insurance coverage before work is commenced under the Contract. All certificates of insurance shall provide that the insurance company will give customer thirty (30) days written notice prior to cancellation or any change in the stated coverage of such insurance.

i) Vanderbilt University requires the Financial Unit Manager to approve all purchase requisitions involving his/her financial unit.

- BEA will approve all purchase requisitions > $10,000 impacting their financial units.
- Vice Chancellors will approve purchase requisitions > $1,000,000.
- Purchase order changes to price, quantity or accounting distribution follow the same approval process as new purchase requisitions.

j) Select purchases require specific approvals and/or workflow due to their specialized nature:

- All lease requisition must be approved by the Assistant Controller and the Director of Purchasing Services. Real Estate Leases also require the approval of the Director of Real Estate.
- ONLY the Division of Animal Care is authorized to purchase animals for research purposes.
- Vanderbilt Environmental Health & Safety is the only department authorized to purchase radioactive and hazardous materials.
- Purchase orders are not required for honoraria, speaker/lecturer or performing artist if the total engagement is less than $5,000. Please reference the Non-purchase order (NPO) payment policy for guidance.
- The use of a customs broker is required in compliance with all import/export regulations.
- Although the purchase of motor vehicles is not strictly prohibited, leasing is the primary method for acquiring vehicles. All vehicles are managed are through the university’s Fleet Management Program.
### 5. Responsibility Matrix

<table>
<thead>
<tr>
<th>Activity</th>
<th>Purchasing Services Team</th>
<th>Purchase Requestor</th>
<th>FUM</th>
<th>BEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible for the sourcing and purchase of all products, supplies, furniture, equipment, vehicles, and services at Vanderbilt University</td>
<td>✓</td>
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<tr>
<td>Responsible for negotiating the terms and conditions for supplier contracts, service agreements, and capital purchases</td>
<td>✓</td>
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<td></td>
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<tr>
<td>Responsible for initiating all purchase requisitions</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsible for reviewing, awarding, and signing contracts for the purchase of products and services in accordance with the Delegation of Authority Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsible for managing customs brokers and import and/or export transactions</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsible for the review and approval of all purchase requisitions</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tbody>
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