



General Purchasing Policy	
<b>Responsible Official:</b> Chief Financial Officer	<b>Responsible Offices:</b> Tax and Revenue Services

### Policy Purpose

East Tennessee State University (ETSU) is required by state and federal law to establish and maintain a system of internal control. The purpose of this policy is the establishment of procedures for obtaining goods and services.

### Policy Statement

This policy governs the purchasing process. For questions about the purchasing process you should contact the Procurement and Contracts Office.

#### I. Principles

- A. All purchases must comply with this policy and the laws of the State of Tennessee for the purchase of goods and services.
- B. The purchase must support the mission and purpose of the University.
- C. The purchase must not be personal in nature.
- D. The amount expended should be reasonable.
- E. Employees of the University serve the interests of the State of Tennessee and must comply with the University Conflict of Interest Policy (Section VI.C).
- F. The President of the University has delegated authority to the Associate Vice President for Tax and Revenue Services and the Manager/Director of Procurement and Contracts to make purchase commitments. The President of the University has delegated authority to the Associate Vice President for Tax and Revenue Services and the Manager/Director of Procurement and Contracts to sign contracts for the University when they are associated with purchase orders. No employee has authority to make any purchase commitment, enter into any contract for goods or services, or otherwise act with respect to third parties which may be construed as financially binding to the University except through the authority of Tax and Revenue Services, unless specifically authorized by other applicable University policy or in writing by the President. This policy applies to all expenditures of funds administered by the

University, regardless of origin. This policy does not apply to agency funds set up with ETSU Financial Services.

- G. The ETSU Standard Bid Terms and Conditions and the ETSU Code of Ethics in Procurement and Contracting (Section VI) are adopted as minimum standards in the procurement of goods and services.
- H. Except as specifically provided in other University policies and guidelines, authority pursuant to those policies shall not include the purchase or lease of real property, the purchase of insurance, or purchases for capital outlay projects from any fund source whatsoever.
- I. No employee of the University responsible for initiating or approving requisitions shall accept or receive, directly or indirectly, from any person, firm or corporation to whom any contract may be awarded, by rebate, gift or otherwise, any money or anything of value whatsoever, or any promise, obligation or contract for future awards or compensation. Whenever any contract/purchase order is awarded contrary to this provision, the contract/purchase order shall be void and of no effect, and if the violation was intentional, the employee responsible for the purchase shall be liable for any state funds paid contrary to this provision.

## II. **Purchasing**

- A. Planning a Purchase - In preparation of the purchase of goods and services, a clear description of the requirements or specifications is the basis for assuring that departmental needs will be met. The approving authority from the ordering department must assure that funds have been appropriated and are available for the purchase of materials, supplies, equipment or services prior to award of a contract. The ordering department is responsible for determining that all items to be purchased are necessary.
- B. Purchase Requisition Procedures - Purchase requisitions should be submitted online by accessing University purchasing system. Purchase requisitions are submitted by the ordering department, approved by the appropriate officials and forwarded electronically to the Procurement and Contracts Office for processing into a bid or a purchase order.
- C. The purchase requisition should include, but not be limited to the following:
  - 1. Information describing the purpose of the acquisition, technical requirements, bidder qualifications, and any other information considered relevant to the goods or services being acquired. Whenever possible, all specifications for materials, supplies, equipment and services shall be worded or designed so as to permit open and competitive bidding.
  - 2. The quantity or number of articles or services required.
  - 3. The estimated cost of goods or services.

- D. Additional Purchasing Methods - In addition to the purchase requisition, other purchasing methods, such as the Procard and contract purchases may be available.
- E. Competitive Bidding and Specifications - All purchases valued at \$25,000 or more shall be based upon the principles of competitive bidding except as provided herein. The unit of analysis for application of the bidding threshold is the individual invoice, receipt, purchase order, estimate, etc. Primary responsibility for determining a single purchase is with the department. The Procurement and Contracts Office shall review purchases to ensure compliance with this Policy. Departments shall not intentionally divide invoices, receipts, purchase orders or estimates to stay below the \$25,000 threshold. Whenever possible, all specifications for materials, supplies, equipment and services shall be worded or designed so as to permit open and competitive bidding for the supplying of the articles, commodities or services to which they apply.
- F. Bidding is required when the total purchase amount is \$25,000 or more. A minimum of three bids is required when the total purchase amount is \$25,000 to \$75,000. Departmental personnel may contact sources of supply for quotes when the amount of the total purchase is \$25,000 but less than \$75,000. The Procurement and Contracts Office will assist in the development of specifications and provide capable suppliers upon request. The Procurement and Contracts Office is also available to obtain the bids. All bid information is to be attached as internal information on the purchase requisition in the University purchasing system. If available, furnish with the purchase requisition such specifications, catalog pages, brochures, or other data as will provide an adequate basis for determining the quality and functional capabilities of the products being requested.
- G. The Procurement and Contracts Office will issue bids for goods and services \$75,000 or more. Exception to this are construction contracts in which the Office of Facilities Management as the State Procurement Agent will route any construction contracts over \$100,000 to the Office of State Architect for approval. These contracts are signed by the President, Legal and the Chief Financial Officer.
- H. The University shall actively solicit bids from small, minority, service-disabled veteran, and woman-owned businesses in order to obtain a fair proportion of goods and services from such businesses, whenever possible.
- I. Non-Competitive Purchases - Goods and services over the bid threshold may be procured without competitive bidding only if such purchases are justified in writing and approved by the President, Associate Vice President for Tax and Revenue Services, or Manager/Director of Procurement and Contracts.
- J. Emergency Purchases - Requests for purchases of specific materials, supplies, equipment, or services may be made in the open market for immediate delivery only to meet bona fide emergencies arising from any unforeseen cause. The President must approve all bona fide emergency purchase requests of \$750,000 or more. The Chief Operating Officer must approve all emergency purchases less than \$750,000. A written report on the circumstances of any such emergency justifying the purchase shall be prepared by the ordering department and maintained by the University. All emergency purchases shall, if practicable, be made on the basis of competitive bids.

- K. Contracts and Agreements - All contracts and agreements will be in conformance with ETSU policy on Contracts and Signature Authority and other State requirements.
- L. Fiscal Review- Certain procurements/contracts require approval by the President, the Board of Trustees, and State of Tennessee Fiscal Review Committee. (Allow a minimum of 75 days prior to the effective date of the agreement). This includes procurements/contracts that meet all of the following criteria:
  - i Contracts that are non-competitive; and
  - ii Contracts that have the potential of being for a period of more than one year; and
  - iii Contracts that exceed \$250,000 in total value (including all potential renewals)
- M. Prohibited Transactions - No personal items shall be purchased through the University or from funds of the University for any employee of the University or any relative of any employee. Personal gifts for employees cannot be purchased with university funds. Whenever any contract/purchase order is awarded to the contrary to this provision, the contract/purchase order shall be void and of no effect, and if the violation was intentional, the employee responsible for the purchase shall be liable for any state funds paid contrary to this provision.

### **III. Special Purchasing Considerations**

- A. Business Meals – The University may pay or reimburse properly documented meals when the primary purpose is a business discussion. Business meals generally include at least one non-university employee. However, occasional gatherings of University employees may also be reimbursed as business meals. Expenses may be incurred only for those individuals whose presence is necessary to the business discussion.

In addition to an itemized receipt, IRS rules on substantiation of business expenses require documentation of the time, date, place, specific topic of discussion and attendees at the meals. The documentation requirements apply to all on-campus or off-campus business meals, regardless of payment methods. Accordingly, all on-campus dining facilities require this documentation for all meals charged to departmental accounts.

Under no circumstances will alcohol expenditures be reimbursed. The University will deny reimbursement for meal expenses that lack documentation or a clear business purpose. Gatherings that are primarily social in nature do not qualify for payment or reimbursement as business meals.
- B. Faculty/Staff Recognition Events – Institutional funds may be used to purchase food and non-alcoholic beverages for recognition, appreciation and/or retirement events. Expenses for these events must be reasonable. Recognition gifts and retirement plaques are allowable up to a reasonable value limit per employee/retiree recognized.

**IV. Examples of Purchases Not Allowed with University Funds**

- A. Gifts and flowers except for officially sponsored events and student activities
- B. Personal purchases for employees or students
  - 1. Professional license fees examples: any Tennessee State Health Professional Board, or other state or national professional board licenses
  - 2. Memberships, Dues and Subscriptions examples: any personal membership, dues, or subscriptions in the name of the individual, Any civic organizations, or professional organizations in the name of an individual. To be allowed the fee has to be an Institutional fee in the name of ETSU, a College, or a Department, not an individual.
  - 3. Purchases for office use examples: decorations for private offices, coffee pots, microwaves, tissues, food, drinks, cups, plates, etc.
- C. Employee monetary awards/rewards examples: cash, gift cards or gift certificates. Employee awards are provided using processes established in the Foundation and are paid through Payroll as extra compensation.

**V. Permitted Transactions for Non-Employees with University Funds**

- A. Honoraria
- B. Token of appreciation for service rendered - \$50 or less per person
- C. Incentives/Rewards for participating in research studies, surveys, or projects, or for attending events
- D. Promotional items for give-away in order to promote departments and departmental programs
- E. Gift cards: Gift cards are allowed to be purchased for payment to research participants only. Non-employee and non-resident alien research participant payments are limited to a maximum of \$50 per payment and a total payment of less than \$600 to any one research participant. The department must retain a copy of the research participant name, address, social security number and signature acknowledging receipt of the gift card. Department must be able to show that all the gift cards were distributed. These records are subject to audit by university and State Audit. A request to purchase gift cards should be sent to Accounts Payable for a check to be issued to the vendor. University Procards cannot be used to purchase gift cards.
- F. Cash payments: Cash payments are allowed for research participants only. Non-employee and non-resident alien research participant payments are limited to a maximum of \$50 per payment and a total payment of less than \$600 to any one research participant. Any individual research participant payment over \$50 must be processed through Accounts Payable via a check to the individual research participant. Complete the Cash Payment to Research Participants form and return it to Financial Services before any funds can be distributed. Research participant name, social

security number, address and signature acknowledging receipt of the cash must be obtained. Differing from the use of gift cards, the petty cash receipts are returned to the Bursars Office when the petty cash account is closed out at the end of a grant or when the fund is replenished. The receipts are retained in the Bursars vault and are subject to audit by university and State Audit. Note: Whether gift cards or cash are distributed, a method of securing cards or cash is needed.

## **VI. Code of Ethics in Procurement and Contracting**

The code of ethics was developed by East Tennessee State University, approved by the Board of Trustees, and shall be applicable to all ETSU employees who are primarily responsible for the purchase of goods or services for the institution.

### **A. Statement of Policy**

1. Employees must discharge their duties and responsibilities fairly and impartially.
2. They also should maintain a standard of conduct that will inspire public confidence in the integrity of the institution.

### **B. General Standards of Ethical Conduct**

1. Any attempt to realize personal gain through public employment, inconsistent with the responsible discharge of that public employment, is a breach of public trust.
2. Employees shall base all purchases on the principle of competitive bidding consistent with policies of the Board and the institution.
3. Employees shall grant all competitive bidders equal consideration, regard each transaction on its own merits, and foster and promote fair, ethical, and legal trade practices.
4. Employees shall not engage in bid-splitting by intentionally dividing orders for supplies and equipment into smaller quantities to avoid policy thresholds.
5. Employees shall avoid misrepresentation and deceitful practices, and demand honesty in sales representations whether offered through the medium of a verbal or written statement, an advertisement, or a sample of a product.
6. Employees shall be receptive to competent counsel from colleagues, and be willing to submit any major controversy through the appropriate appeals processes.
7. Employees shall accord prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
8. Employees shall not use without consent the original designs developed by a vendor for competitive purposes.

C. Conflict of Interest

1. It shall be a breach of ethical standards for any employee, in the performance of the employee's official duties, to participate directly or indirectly in any proceeding or application, request for ruling or other determination, claim or controversy, or other particular matter pertaining to any contract, or subcontract, and any solicitation or proposal thereof, in which to the employees' knowledge:
  - a. the employee or any member of their immediate family has a substantial financial interest; or
  - b. a business or organization in which the employee or any member of their immediate family has a substantial financial interest as an officer, director, trustee, partner, or employee, is a party; or
  - c. any other person, business, or organization with whom the employee or a member of their immediate family is negotiating or has an agreement concerning prospective employment is a party.
2. Direct or indirect participation shall include but not be limited to involvement through decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specification or purchase standard, rendering of advice, investigation, auditing or in any other advisory capacity.

D. Gratuities

1. It shall be a breach of ethical standards for any employee or former employee to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment, in connection with any decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specification or purchase standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling or other determination, claim or controversy, or other particular matter, pertaining to any contract or subcontract and any solicitation or proposal thereof.

E. Contemporaneous Employment Prohibited

1. It shall be a breach of ethical standards for any employee who is involved in procurement to become or be, while such an employee, the employee of any party contracting with the particular governmental body by which the employee is employed.

Definitions

- A. **Conflict of Interest** - A conflict of interest occurs when the personal interests, financial or otherwise, of a person who owes a duty to the Board of Trustees or the University (all employees) actually or potentially diverge with the person's professional obligations to and the best interests of the Board of

Trustees and University. It is a conflict of interest for any person or any company with whom such person is an officer, a director, or an equity owner of greater than 1% interest to bid on any public contract for products or services for a governmental entity if such person or a relative of such person is a member of a board or commission having responsibility for letting or approving such contract. For purposes of this section only, "relative" means spouse, parent, sibling, or child. It is the policy of the University that no employee shall use their employment for personal benefit. Any appearance of favoritism or influence in doing business is prohibited.

- B. **Minority-Owned Business** - A continuing, independent, for-profit business which performs a commercially useful function and is at least 51% owned and controlled by one or more minority individuals who are impeded from normal entry into the economic mainstream because of past practices of discrimination based on race or ethnic background.
- C. **Non-Competitive Purchases and Contracts** - Purchases and contracts made when items or services are unique and possess specific characteristics that can be filled by only one source.
- D. **Procurement Card** - The procurement card program available for purchases of goods less than \$5,000.
- E. **Service Disabled Veteran Business** - Tennessee service-disabled veteran means any person who served honorably on active duty in the Armed Forces of the United States with at least a twenty percent (20%) disability that is service-connected meaning that such disability was incurred or aggravated in the line of duty in the active military, naval or air service. "Tennessee service disabled veteran owned business" means a service disabled veteran owned business that is a continuing, independent, for profit business located in the state of Tennessee that performs a commercially useful function, and is at least 51% owned and controlled by one (1) or more service-disabled veterans.
- F. **Small business** - A business which is independently owned and operated and is not dominant in its field of operation.
- G. **Surplus Property** - Any University property such as movable equipment or supplies (not real property such as land or buildings) a department determines to be excess to its needs and for which the department has no foreseeable requirement.
- H. **Unlawful Employee Activities** - It is unlawful for any employee to bid on, sell, or offer for sale, any merchandise, equipment or material, or similar commodity, to the state of Tennessee or to have any interest in the selling of the same to the state during that person's term of employment and for six months thereafter (T.C.A. § 12-4-103). Disclosure of any such transaction by an employee or member of the employee's family or by a business in which an employee or member of the employee's family has any significant (more than 4%) ownership interest or for which an employee or employee family



member serves as an officer is required by this policy. Family member includes the spouse and children (both dependent and non-dependent) of a person covered by this policy.

- I. **Woman - Owned Business**- A women-owned business that is a continuing, independent, for-profit business which performs a commercially useful function, and is at least 51% owned and controlled by one or more women; or, in the case of any publicly owned business, at least 51% of the stock of which is owned and controlled by one or more women and whose management and daily business operations are under the control of one or more women.

Authority: T.C.A. § 49-8-203, et. Seq; T.C.A. § 9-2-102; T.C.A. § 9-18-102(a); Standards for Internal Control in the Federal Government (Green Book) GAO-14-704G

Policy History

Effective Date:

Revision Date: 3/21/2022

Procedure (s)

Procedure History

Scope and Applicability

Check those that apply to this policy and identify proposed sub-category.

	Governance	
	Academic	
	Students	
	Employment	
	Information Technology	
	Health and Safety	
X	Business and Finance	
	Operations and Facilities	
	Communications & Marketing	
	Advancement	