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**I. Purpose**

To establish policy statements, guidelines and procedures to effectively manage the Morehouse School of Medicine's purchasing process. It establishes procedures and practices that fully leverage MSM's purchasing power in the marketplace; reflects good business practices; protects the best interest of the Institution and outlines the specific responsibility and authority of the departments, business units and the Purchasing Office.

**II. Objective**

The policy and procedures are to guide all procurement transactions. Responsible stewardship in the expenditure of MSM funds entails the proper combination of price, quality, reliability, service and delivery terms, and compliance with donor and sponsor requirements, best practices, and sound internal control.

**III. Scope**

This policy applies to all individuals involved in making purchasing decisions or approving purchases on behalf of their department or business unit.

**IV. Policy Statement**

All funds deposited with the School, regardless of source, are considered School funds and must be expended in accordance with School policies and guidelines. The School assumes no obligations except on a duly authorized Purchase Order. Only those positions designated as the final approver in Section VI. are authorized to commit the School.

**V. When Does The Purchasing Staff Need To Be Involved**

The Purchasing Office needs to be involved from the very beginning, or as soon as you decide to spend money for any purchases of goods and/or services from unrestricted or restricted (grants & contracts) operating budgets.

**VI. Who is Authorized to Legally Commit Morehouse School of Medicine****APPROVAL TABLE**

The following table outlines the purchasing documents and the final approvers for each document.

<b>Documents</b>	<b>Final Approver</b>
Contracts and Purchase Requisitions up to \$25,000	Department / Unit Head
Contracts and Purchase Requisitions \$25,001 to \$50,000	Vice President, Assoc. Dean
Contracts and Purchase Requisitions \$50,001 and above	President or CFO/Sr. VP for Administration for Administrative purchases; President or Dean/Sr. VP for Academic Affairs for Academic purchases
International Travel Requests (includes Hawaii and Alaska)	President or designee (Dean for Academic requests and Sr. VP for Administration for Administrative requests.

## **VII. Ethical and Legal Considerations in Procurement**

The school must comply with the laws governing its operations. Individuals making purchases on behalf of the school must adhere to specific practices in bidding, purchasing, and paying for goods and services. These practices are driven by compliance with applicable laws and regulations, school policies, and sound and ethical business management.

## **VIII. Standards of Ethical Conduct**

All employees must adhere to the School's Code of Conduct and adhere to the highest standards of ethical conduct. The Code of Conduct is located on the website for the School's Office of Compliance and Internal Audit. Personal gifts or gratuities should comply with the Employee Code of Conduct and Conflict of Interest Policy. Examples of illegal and unethical practices include engaging in price fixing arrangements; bid rigging acts; agreements with competitors to divide or allocate markets or customers; falsifying accounting records; intentional misrepresentations to the school's auditors; bribery; kickbacks; and political contributions.

Federal law prohibits MSM from entering into a subcontract with a contractor who has been debarred, suspended, or proposed for debarment by the Federal government. Staff in the Office of Sponsor Research Administration and Purchasing should go [www.epls.gov](http://www.epls.gov) to see if a potential vendor is on the excluded parties list.

**Environmentally Preferred Procurement**

MSM will promote environmentally responsible procurement by identifying sustainable products and services, practices, processes, and procedures.

**Supplier Diversity**

MSM will promote the development of significant and mutually beneficial business relationships with diverse and local suppliers. For more information on diverse suppliers, see [www.sba.gov/services](http://www.sba.gov/services).

**Relationships with Suppliers**

MSM will maintain the highest standards of business ethics and conduct when interacting with suppliers. Relationships with suppliers will support the promotion of environmentally preferred practices, diverse business utilization, and small business.

**IX. Conflict of Interest**

The school expects its faculty and staff to avoid any real or potential conflict of interest when procuring goods or services on its behalf. The MSM Conflict of Interest Policy is located on the MSM compliance webpage and the MSM Employee handbook.

**X. Unauthorized Purchases**

Individuals must not make unauthorized purchases, that is, those that are not in compliance with any aspect of this or other school policy. Such purposes include improper bidding and/or making commitments for payments without proper authorization. To do so the employee may be held personally liable and can be subject to disciplinary action.

**XI. Business Purpose**

Individuals must not make purchases from suppliers that are not for an approved MSM business purpose. Procurement of goods or services, including the use of the School's tax-exempt status, for personal use is strictly prohibited. There are several MSM discounts available to staff/faculty/students. For further information concerning these discounts check with the Purchasing Office. Procurement for the purposes of resale must be made in accordance with the authorized activity of the business unit.

**XII. Purchasing Card (P-Card)**

The MSM Purchasing card should be used to procure small dollar items not to exceed \$1,500.00 per transaction. To obtain a P-Card the requestor must complete an application and have approval by the

Department / Unit Head and Division Head. Detailed instructions are provided in the Purchasing Card Policy.

### **XIII. Grants and Contracts**

When making purchases with funds from Grants and Contracts, individuals must comply with all governing laws or regulations. This applies to federal, state, local or private sources of funds.

### **XIV. Vendor Selection**

The vendor selection process must identify the best, most qualified and/or suitable vendor to meet the needs of the School, while complying with all applicable laws and regulations. Vendor selection and approval must be managed by an authorized procurement agent. In many cases, suppliers are preselected based on campus input, screened, and negotiations conducted, resulting in preferred supplier agreements. Where such agreements exist, units should procure goods and services from these preferred suppliers. In situations where a preferred supplier agreement does not exist and where the purchase exceeds the formal bid limit of \$10,000, units must identify a vendor through competitive bidding or a sole source justification and accordance with Federal Acquisition Regulations (FAR).

### **XV. Bidding Process**

MSM will engage in competitive bidding in a manner that creates a fair, open, and competitive environment for qualified vendors, and that secures the best value possible.

Individuals must adhere to the following requirements when engaging the bid process:

1. When a purchase will exceed \$1000, but less than \$5000 obtain a minimum of three telephones or electronic quotes prior to being processed by the Purchasing Office when a preferred vendor is not available.
2. When a purchase will exceed \$5000, but less than \$10,000 obtain a Request for Quotation by a minimum of three vendors prior to processing by the Purchasing Office.
3. When a purchase exceeds \$10,000, obtain a Request for Quotation, Request for Bid, or Request for Proposal by the minimum of three vendors prior to processing by the Purchasing Office.

### **XVI. Initiating the Requisition**

The purchaser initiates an electronic requisition using Self Service Banner. All support documentation such as; justification, bids and quotations should be included in an electronic folder and transmitted with

the requisition. The requisition should be forwarded for approval as indicated. Once the requisition and supporting documentation has been reviewed and approved in purchasing a purchase order is generated.

### **XVII. Preparing and Issuing Direct Payment Requests**

The electronic check request form should be completed and routed through the approval steps for direct payment. The form with supporting documentation should be emailed to Accounts Payable at [directpay@msm.edu](mailto:directpay@msm.edu) for processing. Examples of direct payments are: subscriptions, membership dues, publications, registration fees, license fees, application fees, honoraria; prizes, awards and human subject fees.

### **XVIII. Processing Sole Source Purchases**

Sole source purchases result when a particular good or service can only be obtained from one vendor. If only one reputable, reliable, cost effective vendor exists which sells the requested goods or services and a reasonable substitute cannot be found, the sole source vendor selection must be justified in writing and included in the electronic form. The justification should address the specific reasoning that a sole source purchase is required. The electronic form is reviewed for the appropriateness and approved by the Director of Purchasing.

### **XIX. Processing Standing Purchase Orders**

A standing purchase order is issued to select suppliers for consumable goods or services to be released over a period of time with multiple payments, normally monthly and may be on a specified schedule with a predictable payment stream. Standing purchase order items may include office, laboratory, and medical supplies, rents, leases, maintenance agreements and catering services and are valid through the end of the budget period or not to exceed one year.

### **XX. Employee Reimbursement Request**

The Institution will reimburse employees for business expenses incurred as part of their job responsibilities or incurred while on MSM required travel. The employee should submit all supporting documents, i.e. receipts, for these expenses utilizing the web based expense reimbursement system. The transactions will flow through the electronic approval process. Once all the approvals have occurred, if to be paid from restricted sources, the document will electronically pass to Grants and Contracts and Title III Administration, as appropriate, and then to Accounts Payable. Accounts Payable will review the supporting documentation and if acceptable will approve the report for reimbursement. Small dollar

purchases of \$250.00 or less will be made via direct deposit or a check using the web base reimbursement system.

### **XXI. Receiving Goods and Services**

Goods are delivered directly to the requesting office. The requestor receives the goods and packing slip. After the goods or services have been received the packing slip should be signed indication receipt of goods. The signed document should be scanned and emailed to Accounts Payable Office.

### **XXII. Returning Goods and Canceling Goods & Services**

Sometimes the goods receives do not conform to the standard needed to do the job intended and need to be returned. The requestor should contact the vendor to inform them of the need to return and obtain a Return Authorization Number. The requesting office should repackage the goods and place the return address label on the package the package should be returned to the vendor. After the order has been received by the vendor, notify the Purchasing Office and have the purchase order modified or voided.

### **XXIII. Preparing a Change Order**

Change orders are done by the Purchasing office. Email approved change order requests to [purchasing@msm.edu](mailto:purchasing@msm.edu). The vendor will normally correspond with the purchasing Office indicating a difference in price on an item ordered. The Purchasing Office will contact the requestor for their approval before issuing the change order, once approved the change order is issued.

### **XXIV. Tracking Open Purchase Orders**

Purchase orders are considered “open” until it is paid in full or closed. If a regular purchase order is still “open” forty-five days past the scheduled delivery date, the Purchasing Office performs various follow-up procedures to see if the vendor can provide the goods or services or if the requestor still wants the goods or services. If the requestor no longer wants the goods or services, the purchase order is closed / voided. If a requestor has not received goods or services within eight days of the completion of the purchase order, they should contact purchasing.

### **XXIV. Performing Year-End Maintenance**

At the end of the fiscal, grant or contract year, all outstanding purchase orders must be accepted, paid and reconciled to allow the closing of the expense accounts.



**XXIIIIV. Other Customer Services Available**

Contact Purchasing at 404.752.1529

**XXIIIIV. Definitions**

Agreement	See “Contract,” below.
Bid	A request for competitive quotation or proposal from a qualified vendor for the purpose of issuing a purchase order and contract for the procurement of goods or services.
Business Expense	A charge for goods or services, whether paid, committed, or accrued. These charges may include expenses (expenditures), debt service payments, and capital outlays.
Conflict of Interest	A situation in which a member of the MSM community has the opportunity to influence the school's business, administrative, academic, or other decisions in ways that could lead to personal gain or advantage.
Contract	A written, legally binding agreement between MSM and an external supplier.
Diverse and Small Business Administration	A federal program that encourages the engagement of entities that are federally recognized as being “small, disadvantaged business enterprises.”
Goods	Tangible property for sale, lease, or rental (also known as merchandise or commodity).
Gifts / Gratuity	any gift, or invitation to entertainment venues, travel, room or housing, meals, transportation, and any other such action whereby the employee or family of the employee, sustain personal gain from its acceptance.
Preferred Supplier	A supplier with which Purchasing has negotiated and/or implemented a school-wide agreement, and that endorses as the “best overall value” in providing products, services, delivery, and customer service.
Procurement Agent	An individual who is part of a procurement organization at MSM and has been given transaction authority by the head of the procurement function to negotiate, authorize, and execute contracts on behalf.
Procurement Card (P-Card)	A credit card issued by a financial institution to employees to make purchases directly from vendors.
Purchase Order	A legally binding offer to buy goods and/or services between the school and the vendor.
Service	An activity in which labor is the major factor and not merely incidental to the production, acquisition, and/or delivery of a good.
Spend	An act of using funds to purchase goods or services, or the funds spent by a unit through its procurement processes.
Supplier	See “Vendor” definition, below.
Unit	An office, program, research center, business service center, office, or other operating unit.

## FINANCE &amp; ADMINISTRATION

Vendor	An individual or organization that provides specified and agreed upon goods and/or services to the school. May be used interchangeably with "Supplier."
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