



Policy Title:	Procurement Services
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Policy Management Area(s):	Finance and Administration

SUMMARY:

It is the policy of the Coastal Carolina University Office of Procurement Services to adhere to and abide by the policies, procedures, and guidelines relating to the procurement, management, control, and disposal of supplies, equipment, and services, as applicable, under the authority of the South Carolina Consolidated Procurement Code, and to assure the University administration and the Board of Trustees that all procurement transactions are conducted in a legal, ethical and professional manner in compliance with the statutes, rules, and regulations governing such actions.

POLICY:

I. Authority

- A. The Coastal Carolina University Office of Procurement Services is governed by policies and guidelines established by the South Carolina state legislature, the South Carolina Consolidated Procurement Code, the South Carolina State Fiscal Accountability Authority, the Coastal Carolina University Board of Trustees, and the Coastal Carolina University Procurement Policy. In accordance with the South Carolina Consolidated Procurement Code, the president of Coastal Carolina University has delegated the authority and responsibility for procurement to the director of procurement services.
- B. It is the policy of the Office of Procurement Services to adhere to and abide by the policies, procedures and guidelines relating to the procurement, management, control, and disposal of supplies, equipment, and services, as applicable, under the authority of the South Carolina Consolidated Procurement Code, and to assure the University administration and Board of Trustees that all procurement transactions are conducted in a legal, ethical and professional manner in compliance with the statutes, rules, and regulations governing such actions. Commitments shall be made in accordance with the provisions of the South Carolina Consolidated Procurement Code, this policy, and the CCU Procurement Policy and Procedures Manual.
- C. Procurement Services is the sole area authorized to make commitments for supplies, equipment, and services necessary for the operation of the University.

Except as described within this policy and the Procurement Policy and Procedures Manual, no obligation for purchases will be entered into without authorization of Procurement Services. The University will not assume responsibility for the payment of purchases other than those made through established procedures.

II. Agency Certification

- A. An agency of the state of South Carolina may make direct procurements above \$50,000, which are not under term contracts, if they have received certification to do so from the South Carolina State Fiscal Accountability Authority (SFAA). This “certification” is a reference to a certificate which is issued by the SFAA to memorialize its grant of procurement authority. The certificate identifies the agency, the types of procurements they can conduct, and for each type, the dollar limits below which the agency can make direct procurements. The certification is generally reviewed by the SFAA every three (3) years. The authority granted through the certification is not a substitute for compliance with the procedural and approval requirements of the procurement laws. Likewise, authority is not a substitute for legislative appropriation of funds which are issued annually.
- B. The University’s certificate of procurement authority shall be maintained by Procurement Services and posted in Atlantic Hall.

III. Mission Statement

- A. Procurement Services supports the mission and objectives of the University by providing an effective and efficient procurement process for quality goods and services, and by fostering a high standard of fair and honest treatment within the University, with vendors, and with the public.
- B. The objectives of Procurement Services include the following:
 - 1. To provide all the goods and services required for the University's operations at the time and place needed and in the proper quantity and quality.
 - 2. To secure such goods and services required at the lowest possible cost from responsive and responsible vendors.
 - 3. To provide economic delivery of purchased materials.
 - 4. To provide sound inventory management.
 - 5. To obtain the greatest possible revenue from the disposal of surplus, damaged, or obsolete materials and equipment.
 - 6. To insure and maintain compliance with the South Carolina Consolidated Procurement Code and University guidelines.
 - 7. To transact business with the utmost ethical standards as listed in the Code of Ethics and prescribed by the University and the National Association of Educational Procurement.

IV. Responsibilities and Function

- A. The general responsibilities and functions of Procurement Services may be summarized as follows:
 - 1. To purchase quality goods and services for the University so that maximum value is obtained for every dollar spent.
 - 2. To ensure qualified suppliers are given equal opportunity to participate in meeting University requirements.
 - 3. To assist in expediting the delivery of materials to meet the requirements of the user departments (when so requested by the department).
 - 4. To handle complaints, claims, and adjustments, and to negotiate for the return of materials or arrange for other settlements.
 - 5. To correspond with suppliers relating to quotations and purchase orders.
 - 6. To set standard specifications for materials and supplies commonly utilized, and to ensure specifications are worded to support the University's policy of open and competitive bidding.
 - 7. To consolidate purchases whenever possible and thus obtain quantity discounts for volume purchases, and to enter into requirements contracts with vendors where correspondingly favorable prices are to be obtained.
 - 8. To provide departments, upon request, current market trends of available products and services.

V. Ethical Standards

- A. To give first consideration to the objectives and policies of Coastal Carolina University.
- B. To strive to obtain the maximum ultimate value of each dollar of expenditure.
- C. To decline personal gifts or gratuities.
- D. To grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.
- E. To conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
- F. To demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.
- G. To receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.
- H. To 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 Coastal Carolina University permit.

- I. To accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
- J. To cooperate with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods.
- K. To foster fair, ethical and legal trade practices.
- L. To cooperate with peers and promote a spirit of unity and a keen interest in professional growth among them.

VI. General Policies

- A. The general policy of the University relative to payment for supplies and services is that payment will not be made until after supplies have been received or services have been rendered. There are, however, certain exceptions for which remittances may be made at the time an order is placed in advance of receipt of goods and services:
 - 1. Orders to the U.S. Government Printing Office.
 - 2. Purchases of postage.
 - 3. Subscriptions to trade magazines and periodicals.
 - 4. Purchases of minor items from specialty establishments which specify payment must accompany the order.
 - 5. Situations where advance payments to vendors would result in significant savings to the University.
- B. The director of procurement services shall have the final approval of all advance payments.

VII. Conflict of Interest and Related Party Transactions

- A. Each member of the University faculty and staff must ensure that situations involving actual or potential conflict of interest do not occur. The procurement of any goods or services may not be made from an employee of the University, nor may procurement of any goods or services be made from any business (including but not limited to corporations and partnerships) in which any University employee or any family member residing in the same household, either individually or collectively has (have) a majority (more than 50 percent) ownership interest. Coastal Carolina University will fully comply with all laws and regulations of the state of South Carolina pertaining to ethics compliance.

- B. Exceptions to this policy may be approved only by the president of the University with advice from University Legal Counsel, if the exception is determined to be in the University's best interest and consistent with all ethics and other relevant laws.
- C. Related parties represent a relationship where one party has the ability to influence the decision(s) of the other party. These types of transactions are presumed not to be conducted on an arm's length basis and, therefore, need to be investigated for possible disclosure in the University financial statements. Examples of related party transactions include:
 - 1. Transactions between a parent company and its subsidiaries.
 - 2. Transactions between affiliates (an affiliate is a party that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is in under common control of an enterprise).
 - 3. Transactions between an enterprise and its principal owners (owners holding voting stock in excess of 10 percent), management or members of their immediate families and affiliates. (Immediate family includes family members whom a principal owner or a member of management might control or influence or by whom they might be controlled or influenced because of the family relationship. Management normally includes members of the Board of Trustees, the chief executive officer, chief operating officer, vice presidents, or others in charge of principal business functions such as sales, administration, or finance, and others who perform similar policymaking functions. Persons without formal titles may also be members of management.)
- D. Transactions between related parties commonly occur in the normal course of business, with the most common related party transactions occurring between family members of controlled entities. Examples of common related party transactions include:
 - 1. Sales, purchases, and transfers of real estate and personal property.
 - 2. Services received or furnished (for example, construction, maintenance, engineering, and legal services),.
 - 3. Use of property and equipment by lease or rental.
- E. Employees are required to disclose "Related Party Transactions" annually to the University Controller whether or not the University has done business with the entity in the past. Any new relationships or changes in relationship during the year should also be reported immediately to the University Controller.
- F. Business relationships do not necessarily prohibit any business from providing products or services to the University, unless a University employee or a family member residing in the same household, either individually or collectively, has (have) a majority (more than 50 percent) ownership interest. In this case, the procurement of any goods or services would be prohibited, unless an exception to this policy is made by the president, with advice from University Legal Counsel.

G. Construction Procurements

All construction procurements less than the University's certification limit as granted by the South Carolina State Fiscal Accountability Authority will be initiated by the director of facilities management and coordinated through Procurement Services for handling of the procurement documents. A construction procurement exceeding the University's certification limit will be forwarded to South Carolina Division of Procurement Services-Office of State Engineer for processing. The director of facilities management is responsible for developing the construction requirements, obtaining architectural/engineering assistance, and coordinating with the South Carolina Commission on Higher Education, South Carolina Division of Procurement Services-Office of State Engineer and other such offices/agencies of the state which are involved in construction procurement. They are also responsible for all reporting requirements of South Carolina Division of Procurement Services and other state offices/agencies.

H. Contracts, Leases and Agreements

Due to the potential subjection to the competitive bid process, all contracts, leases, agreements, etc., involving the purchase or rental of materials or equipment or the maintenance thereof, or for the rendering of services, must be submitted for processing to Procurement Services (by means of the Purchase Requisition system) and for subsequent review to University Legal Counsel.

I. Exemptions to the South Carolina Consolidated Procurement Code

While the South Carolina Consolidated Procurement Code provides specific procedures in the procurement of goods and services, certain exemptions to those procedures have been granted through the code as well as through other directives of the South Carolina State Fiscal Accountability Authority. The final decision regarding the application of these exemptions for all University purchases rests with the director of procurement services.

J. Federal and State Taxes

University purchases are subject to the state retail sales and use tax except for some commodities specifically exempted by law. For those purchases which qualify, the University Controller will provide tax exemption certificates or other evidence of tax exemption. The University is exempt from the payment of federal taxes on most transactions.

K. Funds Availability

The responsibility for assuring availability of funds and for justifying the need for purchases is vested with each University departmental budget officer.

L. Gifts or Consignment of Equipment

1. A gift should not be accepted or solicited, directly or indirectly, from a donor if there is reason to believe the donor has or is seeking to obtain contractual or other business or financial relationships with the University. A gift should also not be accepted if the gift might provide the donor, directly or indirectly, an undue competitive advantage in subsequent procurements.
2. Should a department be offered merchandise and/or equipment outside the scope of the above paragraph as an outright gift or on a consignment basis, permission to accept or receive such merchandise should be requested from the president through the department head and/or dean and managing vice president. A complete description of the merchandise or equipment and a clear statement of the conditions under which the gift or consignment is being offered should be given. When necessary, the executive vice president will secure any other administrative and State approval for acceptance. The department should not accept such items until all appropriate approval is received.

M. Minority Business Enterprise (MBE) Utilization Plan

1. The University's Minority Business Enterprise Utilization Plan is designed to give small business concerns owned and controlled by socially and economically disadvantaged individuals full access and opportunity to participate in the University's procurement activities. The University has established the goal of purchasing at least ten percent (10%) of its total annual controllable funds from small business concerns owned and controlled by socially and economically disadvantaged individuals.
2. Every faculty and staff member within the University who participates in a procurement process or decision is charged with insuring that the University's MBE Utilization Plan's goals are pursued.
3. The University's director of procurement services has been designated as the liaison for the MBE Utilization Plan. Procedures and reporting requirements for the MBE Utilization Plan are provided in the South Carolina Consolidated Procurement Code.

N. Personal Purchases for University Employees

Procurement Services does not enter into any negotiations or become involved in any transactions for the purchase of anything personal in nature for University employees. In addition, certain items which might be classified as personal in nature and are suspect as inappropriate expenses from University funds may be questioned or disallowed.

O. Public Access to Procurement Information

1. Procurement information is considered a public record to the extent required by the South Carolina Freedom of Information Act, with the exception that commercial or financial information obtained in response to a "Request for Proposals" or any type of bid solicitation that is privileged and confidential need not be disclosed. Privileged and confidential information is information in specific detail not customarily released to the general public, the release of which might cause harm to the competitive position of the party supplying the information. All requests for information regarding University procurements shall first be directed to the University's Freedom of Information Act officer.
2. The University is committed to transparency and accountability regarding its expenditures and has created a "Spending Transparency" website which includes a listing of every expense incurred by the University (less those transactions purchased through a University purchasing card), all of which serve to meet the University's mission of teaching, research and public service. A listing of the purchasing card transactions by month is available through a site maintained by the State of South Carolina Comptroller General.

P. Purchase Requisition System

The Purchase Requisition Form is the official University document to be used to initiate a purchase transaction for supplies, equipment, and miscellaneous services unless other provisions have been allowed under the Procurement Policies and Procedures Manual.

Q. Retention of Procurement Records

All procurement records will be retained and disposed of in accordance with the records retention guidelines and schedules approved by the South Carolina Department of Archives and History and by the University.

R. Sole Source, Emergency, and Unauthorized Procurements

1. Determinations or ratifications as required by the South Carolina Consolidated Procurement Code for sole source, emergency, and unauthorized procurements are completed, attached to the procurement records, and filed in Procurement Services. As required, a report listing such determinations is submitted to the South Carolina Division of Procurement Services on a quarterly basis.
 - a. Sole Source Procurement - A sole source product or service is one that is unique and possesses specific characteristics that can be obtained from only one source. Products and services determined to

be sole source shall be exempt from the competitive bid requirements. The requesting department shall be required to submit a Sole Source Procurement Request along with sufficient information and documentation to Procurement Services to justify that a product or service qualifies as a sole source procurement. The president of the University, or designee, must determine in writing that there is only one source for the product or service through the use of a justification for sole source procurement. Such procurement will be made in strict compliance with the South Carolina Consolidated Procurement Code.

- b. Emergency Procurement - The determination for an emergency procurement is made in writing and is authorized by the president of the University or designee. An emergency procurement is permitted only when there is a situation which creates a threat to public health, welfare, or safety such as may arise by reason of floods, epidemics, riots, equipment failures, fire loss or such other reason as may be proclaimed by the president of the University or designee. The existence of such conditions must create an immediate and serious need for supplies, services, information technology, or construction that cannot be met through normal procurement methods and the lack of which would seriously threaten: the preservation or protection of property, or the health or safety of any person. An emergency procurement will be made with as much competition as practical under the circumstances and shall be limited to those supplies, services, information technology, or construction items necessary to meet the emergency.
- c. Unauthorized Procurement - All employees of the University should be familiar with the policies and procedures for procurement as noted herein and as found in the Procurement Policies and Procedures Manual, and must comply with them explicitly. Should any person without the requisite authority to do so by an appointment of delegation under the South Carolina Consolidated Procurement Code make a commitment obligating the University in a contract or procurement action, such action shall be deemed an unauthorized procurement. Corrective action or ratification of unauthorized procurements shall be handled in strict compliance with procedures outlined in the South Carolina Consolidated Procurement Code.

S. Source Selection

Procurement Services recognizes the value and potential of the “free enterprise system” and the advantages of selecting those sources which can best serve the interests of the University. Unless otherwise provided for through or exempted

by the South Carolina Consolidated Procurement Code, solicitations for all goods and services above \$25,000 in total value will be conducted using the competitive sealed bid process. Procurement Services reserves the right of final decision in the selection of sources and methods. Justification is required from the requisitioning department/unit for any procurement decisions or actions where, in the judgment of Procurement Services, a justification is warranted.

T. State Contracts

It is mandatory that the University utilize term contracts established by the State of South Carolina's Division of Procurement Services. State contracts are those contracts established by the state's chief procurement officers for a specific product or service for a specified time. A list of these contracts is maintained on the web by South Carolina Division of Procurement Services.

U. University Standards

1. University personnel who are in any way connected with the procurement of equipment, supplies or services, shall not, except as provided for by regulation, solicit or accept any gift or other item of monetary value from any person or entity seeking official action from doing business with, or conducting activities regulated by the University, or whose interests may be substantially affected by the performance or nonperformance of the employee's duties.
2. University personnel who are responsible for writing specifications, awarding contracts, making recommendations or who are in any way connected with requisitioning or procurement of equipment, supplies, and services used by the University, will not solicit nor accept, under any circumstances, any personal gifts, discounts, or gratuities, or personal travel, meal, or lodging expenses from a vendor, which might in any way influence the selection or purchase of such materials or services. Vendors who are doing or seeking to do business with the University are prohibited from offering or providing personal gifts, discounts, or gratuities, or personal travel, meal, or lodging expenses to University employees or officials, even if the expenses are incurred as part of the employee's or official's responsibility to inspect or observe the vendors' products in operation unless such travel costs are specifically provided for in the procurement solicitation.