AMERICAN UNIVERSITY
PROCUREMENT AND CONTRACTS
POLICY AND PROCEDURES GUIDELINES

ROLES & RESPONSIBILITIES

When purchasing goods and services, it is important to understand the two distinct roles that exist in the centralized purchasing environment at American:

A. **PCD's role:** The Director of Procurements and Contracts has the ultimate authority to purchase goods and services for the University. The Director can delegate to departments the authority to buy certain goods and services. PCD’s Responsibilities include:

- Provide appropriate training and documentation
- Develop strategy, policy, procedures and systems
- Negotiate corporate purchasing agreements
- Review preferred vendors for performance and customer satisfaction
- Manage the relationship with the VISA AU One Card provider
- Support benchmarking across schools
- Offer assistance with any purchase
- Offer high level discussions with Schools relating to the monitoring of good purchasing practice
- Purchase Order Turnaround- Procurement & Contracts target a 48 hour turnaround to issue Purchase Orders if all information is clearly stated on the Purchase Requisition and has been competitively bid or justified appropriately.

B. **Departmental Budget Coordinator’s role:** A department budget coordinator has the responsibility to notify PCD of any unauthorized purchases of materials, supplies, services, and repairs when these goods and services are of the following type:

- Exceed $500 including tax, freight, and handling charges
- Have not been competitively bid or justified and are over $5,000 net
- Are considered capital equipment
- Are restricted budget items
- Require a signed contract
- Require labor on University premises
- Professional Service Agreement (PSA) over $10,000 OR PSAs under $10,000 and have material changes to the PSA.

C. **Signature Authority (Who can buy?)** - The Procurement and Contracts Department was established to ensure that all purchasing activities are carried out in accordance with all applicable laws, directives from the Board of Trustees, and sound business practices.
o Only the Procurement and Contracts Department has the authority to enter into a contract or lease, or to obligate the University in any way unless the:

(1) Trustees have specifically authorized an individual to do so in writing,
(2) Director of Procurements and Contracts has delegated purchasing authority to specific individuals for a specific term or purpose.

o Individual faculty and staff members are not authorized to sign on behalf of the University or to bind the University in any manner (except certain PSAs under $10,000).

o Some vendors may also require accompanying terms, conditions, agreements or forms. In all cases these agreements are to be signed by the Director of Procurements and Contracts; however, they may also be co-signed by an appropriate representative of the using departments if desired.

o All documents without an authorized University signature will be considered invalid and not binding upon the University.

o Federal and District law provides that individuals who do not have delegated authority, and who enter into unauthorized agreements, may be held personally responsible for the cost of the goods or services purchased.

o Accordingly, any, and all, vendor forms of agreement such as: quotations, proposals, contracts, leases, letters of intent, memorandums of agreement, and any other document containing or referring to a supplier’s or the University’s terms and conditions, must be sent to The Procurement and Contracts Department for review and signature.

o Procurement and Contracts has a checklist of basic agreement requirements, as well as, standard University contracts, and contract guidelines for reference to a variety of typical business situations.

o A properly executed purchase order constitutes a contract that is binding on both the University and the vendor.

**SIGNATURE AUTHORIZATION FOR CONTRACTS**

Contract Value - PSA up to $10,000**
Division Head
$10,001 to $100,000 Director of Procurement and Contracts & Controller
$101,000 - $250,000 Assistant VP Finance
$250,001 - $500,000 VP Finance & Treasurer
$500,001 - $1,000,000 President
over $1,000,000 Board of Trustees
** There must be no changes to the AU PSA or PSA Work Made for Hire or the terms and conditions, vendor must be an existing supplier; otherwise the PSA or PSA WMFH must be signed by PCD

**D. Approved Departmental Expenses (What can’t you buy?)**
The Treasurer’s Office has clearly identified those departmental expense categories that are prohibited under Restricted Commodities

**E. Authorized Methods of Procurement (How can you get it?)**
There are four authorized methods for procuring and paying for goods and services at American:
1. E-Procurement
2. AU VISA One Card
3. Purchase Orders through Datatel
4. Invoices under $500

The primary tool, the Datatel Financial system, or a PCD- authorized alternative system, should be used for acquiring all necessary goods or services. Each of the above listed procurement methods follow specific approval workflows, and have its own strengths. Office supplies, travel, and other e-procurement links like Grainger.com and Fischer-Scientific.com, can be purchased through the referenced links. The AU One Card should be used whenever possible for purchases under $500. Otherwise, over $500 requires Purchase Orders. Invoices under $500 can be presented to A/P with a departmental authorized signature. A requisition in Datatel is not required. Prepayments are used to pay vendors in advance for services such as registrations and subscriptions and requires a purchase order.

Certain goods and services are exempted from Purchase Orders and are not required under policy to have a PO or blanket PO. PO’s can still be issued for these commodities, but they are not required by this policy.

Goods and services exempted from a PO
- Independent Contractor Agreements (PSAs & PSA Work for Hire) for individuals only
- Business Cards from AU preferred vendor Staples

**F. Unauthorized Purchases**
Procurement Authority may only be delegated by PCD. An individual who has not been delegated procurement authority who makes an unauthorized purchase of goods or services may be held personally responsible for payment of the charges incurred. At the discretion of the PCD Director or Controller:
- The unauthorized individual shall be required to pay either the full amount whenever the purchase is found to cover unneeded items or items whose purchase would not otherwise be
authorized and the transaction cannot be canceled, or the amount of any cancellation charges incurred when cancellation can be arranged.
- The unauthorized individual shall be required to pay only the difference between the charges such individual incurred and those AU would be reasonably expected to have incurred whenever the purchase is otherwise found to have been authorized.

G. Sales Tax

The University is exempt from District and certain state's sales tax. Other taxes such as Entertainment Tax, Luxury Tax and Excise Taxes are not exempt. Upon request, The Procurement and Contracts Department will furnish a copy of the University's tax exemption certificate with the purchase order. The Procurement and Contracts Department maintains a list of each state (as well as the District) where the University holds a sales tax exemption. Please contact PCD with any questions regarding taxes and their applicability.

H. On-Site Work / Insurance Requirements

Under a variety of circumstances, outside organizations are required to provide evidence of commercial general liability insurance and to name the University as an additional insured to the organization's insurance policy in order to be permitted to conduct business on University property. All such arrangements require a written contract or purchase order with the University. PCD works with the Office of Risk Management to ensure that proper insurance requirements are in place before any on-site work begins. Refer to the Risk Management website for more details.

I. Personal Purchases

PCD will not facilitate or approve any transaction for purchases of a personal nature. Requisitions and vouchers containing items which appear to be of a personal nature will be questioned by PCD and will be returned to the requisitioner if the purchase is inappropriate.

J. Conflicts of Interests

Employees of American University who act on its behalf have an obligation to avoid activities or situations which may result in a conflict of interest or the appearance of conflict of interest. Employees must not use their University positions to influence outside organizations or individuals for the direct financial, personal or professional benefit of themselves, members of their families or others with whom there is a personal relationship.

K. Gifts and Gratitudies

In order to avoid a conflict of interest or the appearance of a conflict of interest, at no time should an employee solicit or accept gifts from a vendor or contractor or from a potential vendor or contractor. Ordinary business courtesies, such as payment for a modest lunch are acceptable when approved by the Director of Procurement and Contracts in advance. Gifts which are promotional items without
significant value (less than $25.00), and which are distributed routinely by the vendor to clients, are also acceptable. All gifts, or "free" items received in conjunction with a purchase are perceived to be University property. As such, they must either be used within the department or forwarded to surplus property. Gratuities or gifts of money to an employee cannot be accepted at any time.

L. Capital Equipment

A Capital Equipment purchase exceeds $2500 (including freight and installation charges) and has an economic or useful life span of more than 3 years.

PCD issues bar coded tags to the asset's owner for affixing to the equipment and performs annual inventories. Additional information is provided in the Capital Equipment Definitions.

M. Surplus

Items that departments no longer use must be turned over to the Surplus Program so the University capital asset records can be updated and the items can be redistributed to other departments, sold, donated, or scrapped. PCD manages this program to ensure that University acquisition, funding and disposal regulations are met.

PURCHASE ORDER TERMS AND CONDITIONS

The American University General Terms and Conditions and the purchase order (collectively, the “Agreement”) shall constitute the complete and exclusive statement of the Agreement between University and the vendor with respect to the purchase of any goods and/or services. To the extent that vendor terms and conditions conflict with the American University General Terms and Conditions, the latter shall control.

Contracts and agreements

Agreements executed on behalf of the university must follow certain university regulations and other internal procedures. The Procurement and Contracts Department (PCD) developed these Guidelines to assist university personnel in understanding the university contract review and approval process. The Guidelines are applicable to

- Contracts executed by an individual on behalf of the university
- Contracts to which the university is a party or signatory in any capacity, regardless of funding source or amount of funds expended or generated. The Guidelines are intended to supplement the Policies and Procedures.
**A. CONTRACTS**

A “contract” is defined as an agreement entered into by two or more parties. To be legally enforceable, the contract (an offer for goods/services followed by acceptance) needs to be supported by consideration and entered into voluntarily by the parties.

Individuals and groups who come to the university to perform a service should have an understanding regarding the terms between them and the university. Since both parties need to know what each expects from the other, a contract must be agreed upon and signed by both parties. In addition, a contract provides a history of previous relationships between the university and a supplier or service provider. When you engage in discussions with service providers, you should be aware of the following:

- Contracts should always be between a service provider and American University (American University-WCL, American University- WAMU for example), never between the service provider and a specific individual or department.
- In order to be valid, contracts must be signed by an authorized American University administrator (in most cases the Director of Procurement and Contracts or the Controller) and counter-signed by the vendor’s authorized signatory. Contracts and proposals not signed by appropriate individuals within the Finance or President’s offices are null and void.
- AU has standard contracts to be used in most business transactions. (See Section VII. Standard Contracts)
- AU does NOT pay in advance for services rendered (although it will prepay subscriptions and conferences if required). The supplier will be required to charge AU after services have been rendered or for significant progress payment points during the project. Full payment is made only upon the completion and acceptance of services by the appropriate university contact. Payment will be made thirty (30) days after receipt of a valid invoice referencing a valid AU PO or valid contract depending on policy and requirements. Exceptions to this must be authorized in advance by Procurement and Contracts.
- AMERICAN UNIVERSITY DOES NOT HONOR ORAL AGREEMENTS. Everything must be clearly stated in a written and signed agreement. Your verbal promise to a service provider does not obligate American University, but you may find yourself personally liable for the terms of that promise.
- AU has an alcohol policy. In cases where a group uses an off campus facility and alcohol is being served, an alcohol clearance form and appropriate proof of vendor insurance must accompany the contract.
- AU’s general practice is not to enter into agreements that grant “exclusive rights” to an individual or company. Exceptions to this must be authorized in advance by PCD.

**B. Appropriate Signatures**
In virtually all organizations, the Board of Trustees or Board of Directors designates signatory authority to specific administrators. The university’s Signature Authorization Policy has designated certain university administrators. Please refer to the policy at Policy Guidelines.

At AU, the signatures of these individuals can bind the university to the terms of an agreement.

**Any violation of this provision will render the contract void. In addition, Agreements signed by anyone other than the designated signatories can PERSONALLY bind the individual who signed the contract to its terms, including the terms of payment.**

**Additional Information to Be Submitted before a Contract is Signed**

In order to complete the Procurement process, the following information should be submitted to Procurement and Contracts:

1. The name and the address of the service provider (person or business) with which American University is conducting business

2. The type of services that the service provider will be performing during the contracted period, the term of the contract, and the actual or estimated cost of services rendered.

3. The name, phone number, and department of the individual who is responsible for receiving the contract after review and approval from Procurement and Contracts.

4. A social security number if the service provider is an individual or the Federal Identification Number if a corporation is providing the services (This is required information on the W-9).

5. A W-9 form is required for both contracts and proposals including both types of Professional Service Agreements where an existing W-9 is not on file or the vendor is new.

**C. Prior Review**

All contracts should be sent to Procurement and Contracts for review prior to any signatures. Procurement and Contracts, in consultation with the Office of General Counsel, are responsible for reviewing contracts for American University.

The process for reviewing and approving a contract is as follows:

1. Obtain the appropriate departmental approval to structure a proposal on behalf of the university

2. In consultation with PCD, select the appropriate University Contract (See Standard Contracts, Section VI, and Other Contracts, Section VII)

3. Confirm the requirements of the contract or an attached Statement of Work.
4. The contract is reviewed by Procurement and Contracts.

5. Procurement and Contracts may forward the contract to the Office of General Counsel to review for legal sufficiency. (Specific concerns shall be brought to the attention of Procurement and Contracts, who will, in coordination with the Office of General Counsel, appropriately incorporate those concerns into the agreements).

6. Once contract and legal review is complete, Procurement and Contracts will return the contract to the initiator.

7. Obtain any special forms from the service provider that may be required for the contract (Examples: vending permits, special licenses, certificates of insurance or liquor liability)

8. Obtain any special forms from AU that are required (alcohol clearance form, waivers, or releases).

9. The contract will then be forwarded to the service provider for signature after PCD has signed. Once the contract has been approved and signed by Procurement and Contracts, the contract will either be returned to the person that sent the contract, as a fully executed agreement or the person will be contacted for further information before the contract can be signed. The service provider signs and dates the contract. If the service provider will not sign the contract as is and/or any changes need to be made to the contract, Procurement and Contracts will make any of these changes.

**Contracts cannot be accepted or signed if the above steps have not been satisfactorily completed.**

D. **Additional Information to be Submitted after a Contract is Signed**

A purchase order is required for all contracts or proposals EXCEPT for those that are for an individual. A PSA or other similar services contract must be used under these circumstances. More information on this topic may be found at the following: [www.irs.gov/instructions/i1099msc/ar02.html#d0e173](http://www.irs.gov/instructions/i1099msc/ar02.html#d0e173)

E. **Standard Contracts**

Procurement and Contracts, in consultation with the Office of General Counsel, have developed standard contracts to be used by the University community in most business transactions on behalf of the University. These standard contracts are to be used to ensure that important issues (i.e. liability, insurance, and ownership of intellectual property) are sufficiently addressed. If possible, these standard contracts should be used. The following is a list of available standard contracts:

1. **Professional Services Agreement (“PSA”)** ([http://www.american.edu/finance/cop/pdf/PSA.pdf](http://www.american.edu/finance/cop/pdf/PSA.pdf)): This contract is used when an individual or group comes to AU for the purpose of performing some type of service for the university. The vendor’s contract or proposal should never be signed except by the Director of Procurement & Contracts. Examples include, but are not limited to:
   a) catering for an event or party
   b) services to be paid to an individual
c) translation services
d) interpretation services
e) an informal reading with a poet
f) tennis court rental at an off-site location

NOTE: PSAs should not be used as an after the fact vehicle to pay an invoice. If this is found to be the case, the individual may be held responsible and the invoice will be prioritized according to other work that is within PCD guidelines. * - Note: A Purchase Order is not required for PSAs to individuals, although a current W9 will be required to process a payment with a PSA. A Purchase Order should be used in place of PSAs, if the PSA is to be written for a corporation instead of a proprietorship.

2. Professional Services Agreement - Work Made For Hire (http://www.american.edu/finance/cop/pdf/PSA_WMFH.pdf): This contract is similar to the Professional Services Agreement, however, it is used when AU needs or wants to possess the sole right and ownership of the work which is to be created. The vendor’s contract or proposal should never be signed except by the Director of Procurement & Contracts. Examples include, but are not limited to:
   a) Printing or pamphlets material related to AU and are produced for AU
   b) AU commissions an art work
   c) Analysis of a project where we want to own the final deliverable
   d) Photographs or documents AU wants to use and own

NOTE: PSAs should not be used as an after the fact vehicle to pay an invoice. If this is found to be the case, the individual may be held responsible and the invoice will be prioritized according to other work that is within PCD guidelines. * - Note: A Purchase Order is not required for PSAs to individuals, although a current W9 will be required to process a payment with a PSA. A Purchase Order should be used in place of PSAs, if the PSA is to be written for a corporation instead of a proprietorship.

3. Concert Performance Agreement (contact Student Activities Karen Gerlach) - This contract is used when any type of student related performance or entertainment is to take place on campus. Examples include, but are not limited to, the following:
   a) a band is scheduled to perform in Bender Arena or The Mary Graydon Center
   b) a comedian is scheduled to perform in Bender Arena
   c) DJ services

4. Facility Rental Agreement (contact Athletics Jordan Tobin) - This agreement is used when any group/department outside the AU Department of Athletics and Recreation desires to use American University’s sports facilities for a camp or event. Examples include, but are not limited to:
   a) a tennis sports camp will be conducted on AU’s tennis courts
   b) an outside soccer or basketball team wishes to use AU’s facilities
   c) Athletics sponsors its own sports camp

5. Hosted External Activity Contract (Contact University Center Mike Elmore) – This agreement is used when any AU Department or recognized student organization wishes to host the activity of a non-AU
organization on campus during the academic year. Examples include, but are not limited to:
a) a campus fraternity wishes to host a Young Leaders group holds a conference in Mary Graydon
Center
b) an outside group wishes to hold a conference on behalf of a national, regional, or local organization
NOTE: If Hosted External Activity is during summer, then contact Chris Moody in Housing and Dining.

6. Greenberg Theatre Facility Rental Agreement (Contact CAS Jim Merrifield) - This agreement is used
when any group or individual wishes to use the Greenberg Theatre for an event.

7. Katzen Facility Rental Agreement (Contact CAS Jim Merrifield) - This agreement is used when any
group or individual wishes to use any part of the Katzen Center for an event

8. Vending Application & Agreement (Contact University Center Mike Elmore) - These forms are used
whenever vending suppliers come to campus in order to sell or distribute goods. If a recognized
student club or organization sponsors the vendor, the Office of Student Activities or the Office of Greek
Life distributes the forms to the organization’s representative. The club or organization’s Student
Activities/Greek Life advisor must sign the application. Once the documents are signed, an on-campus
vending permit will be issued, and OSA will return the approved forms and permit to Student Activities
for the student organization’s representative to pick up. The application and agreement won’t be
signed without a valid DC Vendor License number. The title is vending application & agreement
however, only applications are addressed. Advisors are not authorized to sign Agreements.

9. Housing & Dining Program’s Summer Conference Program (Contact Housing and Dining Chris
Moody) – This agreement is used for outside entities wanting to rent university housing and dining for
Summer programs that will be conducted at AU.

10. Other Contracts – The University has over 100 standard contracts including construction, consent
and release, course-specific, or any other contract you may need for various user requirements. Please
contract Procurement & Contracts for any questions concerning contract types or to develop a new
contract for continued use or any other contract-related questions @ x2842 or bblair@american.edu.

Please Note that use of Standard Contracts will speed up the review process.

F. Other (Vendor Supplied) Contracts

A contract supplied by a service provider may also be acceptable. However, a vendor’s contract will
take longer to be reviewed and negotiated than the standard agreements the university uses. Before it
can be signed, however, certain provisions must be included to protect the university and all
individuals affiliated with it. As stated above, all vendor contracts must be forwarded to PCD for review
and appropriate signatures. The following is a minimal list of standard clauses that should be included
in the body of a contract initiated by an outside vendor:

1. Mutual hold harmless (indemnification) clause.
2. Liability clause - AU cannot accept responsibility for negligence and errors of non-AU employees.
3. Confidentiality clause - this is needed when there is a possibility of the service provider having access to confidential information while performing services.
4. Only the laws of the District of Columbia, and not another state or foreign country should govern the terms of the contract.
5. An understanding that there will be no employee/employer relationship established.
6. A term and termination provision which will allow the university to cancel for convenience and without penalty.
7. In general, AU requires a million dollars of general liability insurance, including workman’s compensation if the service provider has employees that will be present and automobile liability insurance if the entity will be using vehicles to drive on campus or access AU property.

Other clauses or sections of contracts may need to be included or deleted depending on the specific contractual requirements of the service provider and the university’s needs. Other clauses or sections of contracts may need to be included or deleted depending on the specific contractual requirements of the service provider and the university's needs.

**EQUIPMENT MAINTENANCE AND SERVICE AGREEMENTS**

Computers, scientific, diagnostic and testing equipment, hardware, software, and other facilities and specialized equipment require on-going periodic maintenance after warranties expire. One of the primary benefits of negotiating a service/maintenance agreement with the manufacturer is that the manufacturer has ready access to the parts and factory trained personnel required to maintain or repair the equipment.

**A.New Equipment**- If the equipment purchase is a 'one time' buy, service and maintenance requirements should be addressed in the bid or during negotiations with the vendor. In evaluating RFQs (Request For Quote) and RFPs (Request For Proposal), costs for service and maintenance should always be considered as part of the total price of the equipment. The LIFE CYCLE COST of the equipment includes purchase price for the equipment and the cost of service/maintenance extended over the useful life of the equipment - usually more than 3 years. If the equipment will be rented or leased, the service coverage offered as part of the rent/lease program should be reviewed for adequacy.

Developing Service/Maintenance Agreements for New or Previously Purchased Equipment- Fully describe the scope of the work to avoid any misunderstandings or unsatisfactory levels of service. Terms and conditions that should be agreed upon between the buyer and vendor include:

- working hours
- labor
- included services (what the vendor is obligated to do) & Service Level Agreements
- excluded services (what the vendor is not obligated to do)
- warranty
- included parts
• excluded parts
• response time and Service Level Agreement to understand what will happen if response times are not met
• loaner equipment
• and appropriate insurance coverage

AU has standard terms and conditions available for review by the supplier. If the buyer feels additional services might be required or if the terms and conditions require amending, the buyer should negotiate these elements with the vendor before the service/maintenance agreement is signed. The buyer should also try to negotiate shipping terms in case the equipment needs to be returned to the manufacturer for repairs. AU is a tax exempt entity and should not be charged sales and use tax.

Typical Questions Procurement Asks Before Procuring Services-

B. Maintenance- See Equipment Maintenance and Service Agreements above

C. Installation- Who will be responsible? What does it include and what does it not include? If the installation will be performed by the vendor's personnel, make sure the vendor has adequate general liability insurance and worker's compensation insurance, or other specific insurance, say malpractice insurance for a doctor's services. Can personnel install the equipment? How long will installation take? Is installation a separate cost or included (F.O.B. Installed).

D. Training- Is training available for end users? Where will it take place? How long will it take? Is training included in the purchase price? Is a user's manual included; complete with parts list and schematic, and in English? Will the vendor provide on-going technical assistance if needed?

E. Acceptance- The equipment is expected to conform to certain performance specifications and should be tested before the buyer/end user authorizes payment to the vendor.

F. Warranties- Warranties should begin from the date of acceptance of installation and training. They are typically 90 days for software and 1 year for hardware and services, usually by manufacturer but could be by distributor. The equipment should be operational and personnel fully trained. The buyer should avoid taking partial shipments and risk warranties on components expiring at different times. If the equipment is to be stored, arrange with the vendor for an extended warranty or have the vendor activate the warranty after the equipment has been installed and tested. Otherwise, the warranty may expire before the equipment is up and running. Buyers may find an extended preventative maintenance agreement more cost effective than whatever discount terms the vendor is offering.

G. Payment Terms- Net 30 is the standard payment term used within the industry and should be the minimum terms agreed to for payment from AU to any vendor. Net terms of longer than 30 days are advantageous to AU and will be secured if possible. Deposits and other arrangements within Net 30 are not considered standard and will be avoided at all costs.
PROCEDURE GUIDELINES

The purpose of procedures for the procurement of material and services is to maintain consistency with the policies of the University and to provide guidelines to promote efficient service to all departments on campus. These procedures are not to restrict the effectiveness of the individuals involved in procurement, but to provide a foundation for effective, consistent and complete consideration of all aspects of the purchasing function with the expected result being a positive, professional relationship between the University and the vendors who serve us. Since the University uses a fully integrated computer system to link information from all financial transactions on campus, it is important that all procedures are followed and requests for information be filled out completely and correctly.

Datatel is the financial system chosen by American University to maintain all financial data related to the ordering, purchasing, receiving, and payment for goods and services. All departments on campus will need an employee trained on the use of Datatel so that goods can be requested for purchase.

PURCHASE REQUISITIONS

There are four authorized methods for procuring and paying for goods and services:

1. Purchase Order System in Datatel
2. AU One Card
3. E-Procurement
4. Invoices under $500

The primary tool, the Datatel Financial system, should be used for acquiring all necessary goods or services OVER $500.00... Each of the above listed procurement methods follow specific approval workflows, and have its own strengths.

The Purchasing process begins when a Requisitioner creates a Purchase Requisition in, Datatel, the University Financial System. When using the Datatel system, a department will be able to:
Track the purchase of the order
Provide a record of the order
Check the price quoted by the vendor and the price on the invoice
Verify receipt of the Order
Know when the vendor invoice has been paid

All completed online purchase requisition through Datatel must contain the following information:

- **Initiator's name**: Datatel user name
- **Vendor Name**: Type in the Vendor name in the Vendor ID field. Choose the correct vendor and enter. If the vendor does not appear, it may be that the vendor is not in the system. If this is the case, please contact Purchasing to select an alternate vendor. If this is a sole source, a W-9 form and vendor application must be presented to Procurement and Contracts and entered into the Datatel system...
- **Ship To**: Each department has a two digit code that designates the address of the department. If you do not know your department code, type in three periods(...) and select the proper departmental ship to address.
- **Approvals**: If you are able to approve requisitions for your department, type in your name. If you need to forward the requisition to another, enter your name as above and click on the blue square at the end of the field and enter another name in the next approval box. This will allow the next approver to see the requisition and approve it for purchase.

**Line items**: Press on the blue box at the end of the field. Click the detail button next to line one. Fill in the Description, quantity, cost and the General Ledger number that you wish to charge the purchase. Press F9 twice to return to the first screen.

**Requisition Done**: Type y for yes. If you don't, the requisition will not be processed!

Office of Information Technology provides training classes on Datatel.

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**PURCHASE ORDERS**

A purchase order is a legally binding agreement issued to a vendor for the acquisition of goods and services. The purchase order specifies price, quantity of an item, payment terms, delivery dates, freight and all other obligations and condition related to the purchase.

The following types of Purchase Orders are used at American University:
**Standard Purchase Order** - (PO) clearly identifying a supplier to which the scope of particular goods and services to be purchased. At minimum it should include the supplier’s name, date of the PO, date of delivery, manufacturer, model #, quantity and line items pricing information and be signed by an authorized buyer within AU. A reference to the acceptable Terms and Conditions that are applicable to the PO and an unsigned proposal or Statement of Work by the vendor should be adequate for most PO requirements at AU.

**Prepayment**- When a PO is accompanied by a University check and services are paid BEFORE they actually occur. Typically, AU contracts with suppliers using net terms or payment AFTER services are rendered. Occasionally though, a situation may arise when a check must be presented upon receipt of goods or prior to receiving the items ordered. To request a prepayment PO, the PR, must clearly state that payment must be made in advance and any supporting documentation should be attached (order form, quote, Performa bill, etc.). Typically postage, conference or subscriptions, or other one-time, up-front purchases are included in this category. Also see direct pay of invoices above.

Purchase orders can be transmitted to a vendor by mail, fax, email, and by hand delivery in instances where materials need to be delivered quickly to AU, or when delivery is not appropriate. The requisitioner will acknowledge the PO when picked up. This will suffice for a receiver to then pay the invoice when received by Accounts Payable.

**Blanket Purchase Order**- Should be used for repetitive purchases, for a particular supplier of goods or services which may include multiple shipments; Volume requirements yield additional discounts (those terms will be attached to the PO); multiple payments; Leasing office equipment; or a maintenance agreement for goods or services; other items to be identified. Blankets should include:

1. The period of time for the performance
2. Clear indication of the purpose of the blanket
3. Not To Exceed amount for the blanket
4. Scope of goods or services to be included or not
5. Person authorized to issue releases against the blanket

After a blanket is issued, the department is responsible for the following:

1. Placing the order to the company using the Blanket PO# as reference
2. Arranging delivery of the items purchased
3. Approving the invoice and forwarding to Accounts Payable according to the following:
   
a. If the amount is fixed, the dean or department head will need to authorize automatic payment
b. If the amount is fixed, and the requisition indicated a fixed price over a fixed number of months no further approval is needed
c. Invoices not returned within 15 days and $500 or less will be processed for payment
d. The correct blanket PO# must be clearly visible on the invoice

At the end of the fiscal year, all blankets will be closed. Any money remaining encumbered will
automatically be released into the respective budget that requested the blanket. Each department is responsible for the re-issuing of all blanket orders for the following fiscal year unless prior approval is given by the department to extend the expenditures for certain agreements. New blankets will reference the old blanket number and state the new Not to Exceed amount on the blanket.

**Change Orders**- To request a change to a previously issued purchase order, a purchase requisition, appropriately authorized email or fax is required in addition to the original PO#, PR#, & supplier if handy. Upon receipt of the authorization, PCD will contact the supplier to make the necessary changes. If the order can be changed, a modification to the original PO will be issued. In the event the item has already shipped, PCD will communicate the alternatives available to the end user. To increase an amount on a blanket purchase order, a request by email to the buyer is required.

**University Services**- Department’s budget coordinators or those so authorized by those representatives may purchase services from on-campus approved suppliers such as Bon Appetit and the UPS Store. The Campus Retail Purchase Order is available on the portal (the form is located in the Office assistant section under Accounts Payable forms) and can be used to purchase University Services although many on campus vendors are accepting the One Card going forward. Please contact the establishment directly for specific instructions on how to order on your budget.

**RECEIVING PURCHASES**

Deliveries must be made directly to the location specified on the purchase order by the buyer in the PCD. All packaging should be carefully examined for any visible evidence of damage, particularly if the purchase is fragile or costly. Receiving will make a note of the date the order was received, the name of the vendor, the quantity received, the purchase order number, serial number, manufacturer’s model number and back order information if available. The receiving and purchase order information will be checked against the invoice to make sure that the quantities received are the same as the quantities being invoiced.

**Damaged Shipments and Shortages**- Damaged shipments should be refused especially if they are totally destroyed and if the broken contents would cause contamination. If the shipment is refused, the vendor or shipper could dispose of the shipment, making it very difficult for the buyer or end user to initiate a successful claim. Any damage to the package, no matter how slight, should be noted on the carrier’s and receiver’s delivery receipt. If the shipper is unwilling to wait while the contents of the package are inspected, the receiver should note on the delivery receipt that the condition of the contents is unknown. If concealed damage is discovered during unpacking, stop unpacking, notify Central Receiving, and request an immediate inspection. Save damaged packaging and cartons for Central Receiving.

**Initiating a Claim**- The shipper should be notified immediately by phone and in writing within thirty (30) days of receipt of the damaged merchandise. A formal claim letter should:

- describe the damage
- give the date the shipment was received
• include a copy of the delivery receipt with the shipper's signature and the receiver's description of the damage
• provide the name of the vendor
• include a written estimate from the vendor of the costs to replace or repair the damaged items
• provide a copy of the vendor's original invoice
• provide copies of all correspondence pertaining to the claim

The shipper should acknowledge the claim within thirty (30) days and offer a settlement within one hundred (120) days. When terms are F.O.B. Destination, the end user should contact the buyer or Central Receiving immediately so that a claim can be filed with the appropriate transportation vendor.

**Returning Goods to the Vendor**- Goods should not be returned without first notifying the vendor. Some vendors require the buyer to obtain a return authorization number and have procedures as to how and when a return shipment should be made.

**INVOICE PROCESSING**

Invoices must be submitted to the following address for payment:

American University  
Attn: Accounts Payable  
4400 Massachusetts Avenue N W  
Washington DC, 20016-8020.

The invoice will be matched with the executed PO and packing slip, if available. In case a properly executed PO does not exist, the invoice will be sent back to the vendor indicating the PO process must be initiated and signed prior to invoice payment. Invoices will be paid promptly if the above procedures are followed. Delaying payment to a vendor can result in the vendor placing AU on credit hold. Eventually AU may pay higher prices to offset the vendor’s collection costs which in turn can downgrade AU’s credit status with not only the vendor, but with credit bureaus. Invoices should be sent to Accounts Payable for processing, not to PCD. In case of discrepancies between invoice, PO, and packing slip, the documentation will be routed back to the initiating AU employee for explanation and further authentication of the actual goods ordered and delivered. EACH INVOICE MUST BE APPROVED (SIGNED AND PRINTED NAME) AND MARKED WITH AN “O.K. TO PAY” PRIOR TO PAYMENT. Invoices received for goods and services rendered outside of the PCD process described in these sections may not be processed for payment or may be delayed considerably. Exception to the above- Invoices for PSAs should not be mailed directly to Accounts Payable, but should be mailed directly to an end user whose authorized signature signed the PSA.

**EMPLOYEE REIMBURSEMENT EXPENSE**

Please see the [policystatement.html](policystatement.html) on the Accounts Payable site.
VENDOR SELECTION PROCESS

. Preferred or Strategic Supplier Selection

PCD is responsible for selecting the best sources of supply for the University and authorizing potential new preferred suppliers. The Procurement and Contracts Department maintains a PCD Preferred Supplier List which establishes relationships that leverage the University’s buying power and maximizes supplier strengths leading to overall cost savings as well as retaining a feedback mechanism for quality control. Strategic or preferred vendors should be used before any new vendors unless there is a compelling reason to use a new vendor. Through these initiatives, PCD seeks to obtain goods and services at the best value. Value is assured when the goods and services are obtained in a timely manner, at an appropriate level of quality, with reasonable cost, through an appropriate level of competition, and in accordance with applicable Federal, District and University regulations. The following factors in combination, not necessarily listed in their order of importance, will be considered: Price (line itemed as much as possible); Leveraging required service levels for our customers; Reducing ordering time; Reducing sourcing time; Develop process efficiencies; Centralizing source for agreements available to all AU Departments; Provide timely and accurate customer service.

If the products or services offered by each supplier were of equal quality, the same delivery date and there were no other considerations, the selection would typically be awarded to the low bidder.

Required Documentation

Required Documentation (When should it be bid/how should it be explained?) – All University purchases are made in accordance with these University Procurement and Contract Policies and Guidelines regardless of the source of funds. A standard set of bid and justification procedures are required to properly document all purchases to comply with applicable Federal, District and University requirements. This documentation shall be sufficient to constitute a complete history of the actions associated with the establishment of the order for the purpose of:

1. Providing a complete background/history on the order
2. Supporting the decision to choose one vendor over another
3. Furnishing essential facts in the event of a dispute

Towards these goals, the following procedures must be followed in order to establish the documentation required for any and all purchases and contracts-
A. Competitive Bidding (Any purchase or contract over $5,000 net) - Bids should be solicited whenever the items can be purchased from multiple sources to promote competitive bidding. Quotations, either verbal or written, are recommended for requirements totaling up to $5,000.00 in value. A minimum of three written quotations are required for requests totaling $5,000.01 or more. Those items considered sole/ single source or proprietary must be properly justified and confirmed by the Procurement and Contracts Department to waive the competitive requirement. Quotations for requirements over $5,000.00 must be in written form. All pricing and other information furnished by the vendor during the competitive bidding process must remain confidential. Prior to soliciting competitive bids, the requestor should check the PCD Preferred Supplier list to determine if the required product or service is available from an existing vendor supplier. The benefit of using an existing preferred supplier is that the competitive bidding process to secure the least total cost has already been completed by PCD Services. The University's competitive bidding requirement is waived when a purchase with an aggregate value of $5,000 or more is made from a contract supplier. The competitive bidding requirement is also waived for any purchase made from Corporate Express www.eway.com, the University's office supplies and stationery vendor. When requesting formal quotations from potential suppliers, the PCD is required to secure terms and conditions that are favorable to the University and their department, RATHER THAN ACCEPT WHAT IS IN THE BEST INTEREST OF THE SUPPLIER. Whenever possible, the request for quotation should be submitted in writing, and not verbally, to potential suppliers to avoid any miscommunication or misinterpretation of expectations and/or specific requirements. Supplier responses must also be submitted in writing with quoted prices, terms and conditions clearly documented in the response. All formal quotations should detail the requirements both parties, the University and the supplier, have agreed upon. Please note that any “agreement” between the University and a supplier is not bound and valid until PCD has issued a valid purchase order for the goods and services OR has signed off on a valid contract with favorable terms and conditions for the University to accept and comply with.

B. Things to Consider When Soliciting Competitive Bids
Procurement staff members are available to provide assistance to faculty and staff and can represent the University in a formal solicitation for competitive bids. By contacting PCD before you are ready to solicit bids for a desired product or service, you can take advantage of our professional purchasing experience, capabilities, and technology to help realize the least total cost for the desired product and service. For faculty and staff interested in soliciting quotations directly from external suppliers, we offer the following guidelines when soliciting quotations from potential bidders:

• Each potential bidder must receive the same information and business requirements. Be as specific as possible with requirements. Include manufacturer name and part number if available, a complete description of desired product(s) and/or services, the delivery location and required-by date.

• Provide a copy of the University's purchase order terms and conditions

• Obtain at least three quotations from competent sources of supply.
• Provide a contact name, phone number and e-mail address for suppliers that may have questions regarding the request or requirements.

• Clearly define bid submission instructions and submittal day and time.

At no time should one supplier's proprietary information be shared with another supplier. Please remember to allow sufficient time (usually 2-3 weeks for complex requests) for the supplier to respond to a Request For Quotation, RFP or RFI. Please contact PCD for more information on formal requests and any templates you may need assistance managing. Once bids have been received from the suppliers, analyze the proposals to determine which supplier is able to meet all business and delivery requirements, at the least total cost. Contact PCD if help is required to assess each proposal to determine which represents the best value to the University. No proposals should be signed by end users unless they have first been reviewed by the PCD department. Typically, PCD will issue a Purchase Order and attach an unsigned proposal for pricing and description information only. Procurement and Contracts has templates for the above RFP/Q/I documents.

C. Justification (how should it be explained). Sole/single source justification. A sole source purchase is one where there is only one vendor capable of providing an item or service, and therefore it is not possible to obtain competitive bids. A single source purchase is one where there are multiple sources of supply, but for specific reasons the item or service must be purchased from a specified vendor. For purchase transactions exceeding $5,000.00 in total value and it is deemed that there is only one viable source for the item or service that is essential to the needs of the University, and it has been determined that competitive bidding is not possible, the requisitioning department will be required to complete the Sole Source Justification Form. An order will not be placed without proper documentation, including a written quotation from the awarded vendor. PCD has the authority to review and challenge any order.

D. Request to Waive the Bidding Requirement- The competitive bidding requirement can be waived for an equipment purchase or services with an aggregate value of $5,000 or more when the product or service is available from only one non-contract supplier, thereby exempting the purchase from the otherwise required competitive bid policy of the University. This is done under exceptional and limited circumstances. In order to waive the competitive bidding requirement, the faculty or staff member requesting the exemption must provide PCD with a detailed written explanation as to why competitively bidding the product or service would be impracticable and that the cost charged by the supplier is reasonable and customary. Such request should include specific technical requirements of the product or service and supportable evidence that due diligence has been performed in an objective market analysis. PCD reserves the right to negotiate pricing or to solicit additional information and remains the final authority on all procurement issues. Examples of waiving the competitive bidding requirement include:
• Equipment for which there is no comparable competitive product.
• A component or replacement part for which there is no commercially available substitute, and
which can be obtained only from the manufacturer and/or a manufacturer’s distributor.
• An item where compatibility is the overriding consideration, such as computer operating software enhancements for an existing system.
• A supply, equipment, part, service or supplier that, due to technically constraining factors associated with scientific research, are needed to ensure the fairness and validity of the underlying research.
• Repair/replacement parts for non-competitive equipment
• Continuation of an existing contract when work is so closely related to that of the uncompleted basic contract that it would not be feasible to consider another potential contractor.

See sole source justification doc.

E.Code of Ethics (Why call it Purchasing?) - PCD serves as the intermediary between the campus community and vendors to ensure impartiality by maintaining the proper separation of duties. Accordingly, all vendor price quotes must remain confidential, as revealing them undermines the competitive bidding practice and opens the door to potential legal actions. PCD is committed to fair and ethical business practices that promote open and fair competition in the best interests of the University and the success of its supplier relationships.

PURCHASE ORDER TERMS AND CONDITIONS

The American University Terms and Conditions and the purchase order (collectively, the “Agreement”) shall constitute the complete and exclusive statement of the Agreement between University and the vendor with respect to the purchase of any goods and/or services. To the extent that vendor terms and conditions conflict with the American University General Terms and Conditions, the latter shall control.