



HARVARD UNIVERSITY PROCURE-TO-PAY MANUAL

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OVERVIEW

The Harvard University Procure-to-Pay Manual is a resource for faculty, staff and students, or other individuals who plan for or purchase products, equipment, supplies and/or services with University funds. This includes purchases made with a Purchasing Card (PCard), Corporate Card, purchase orders and payment requests generated using the Harvard Crimson Online Marketplace (HCOM), petty cash or electronic commerce, other systems used by Harvard (e.g., Aleph, Sutherland Global, PRESTO, etc.) as well as legitimate purchases of goods and services purchased with personal funds and later reimbursed.

At Harvard University, buying decisions are often made by faculty and staff in the schools and departments. The University expects these individuals to base purchases on sound business practice, best value, accountability, and compliance with donor, sponsor and regulatory requirements. Individuals planning for or making purchases must follow established Harvard University policies and procedures.

The Strategic Procurement department exists to help the University obtain the best quality and value for goods and services. One way we do this is by establishing Preferred Vendors for major commodities. Harvard Preferred Vendors have been selected through a formal sourcing process resulting in a contract and/or pricing agreement with negotiated pricing, terms and conditions favorable to Harvard. **Using Preferred Vendors meets the [Uniform Guidance requirements for small purchases \(purchases between \\$10,000 - \\$250,000\) when using federal, cost-share, or other expenses transferred to federal funds.](#)** By ordering goods and services from these Preferred Vendors whenever possible you receive the best value for your dollar through a combination of competitive pricing, effective service, and appropriate quality. In addition, the use of Harvard's Preferred Vendors reduces administrative burden and maximizes the University's buying power. The list of Harvard Preferred Vendors may be found on the [Strategic Procurement website](#).

Through purchasing decisions, University controlled funds are committed and the buyer is assuring the University that you:

- identified a legitimate need for your purchase,
- competitively bid or negotiated your purchases, when appropriate,
- met Federal procurement requirements,
- complied with the Conflict of Interest and Code of Ethics,
- selected qualified vendors,
- dealt with vendors professionally,
- received and inspected your purchases,
- sourced minority and women-owned vendors where appropriate,
- sourced local and small business vendors where appropriate,
- met documentation requirements to support your purchase,
- will review and process your invoices promptly.



Note: Schools or Units may have more restrictive requirements. Contact your Finance Office for guidance. Additional requirements may apply based on donor, sponsor and regulatory regulations. For example, Harvard receives substantial research funding from federal agencies and is obligated to comply with federal and grant requirements. See [Section VII: Federal Procurement Requirements](#).

SECTION I: CONFLICT OF INTEREST AND RESPONSIBILITIES, CODE OF ETHICS, PERSONAL PURCHASES

CONFLICT OF INTEREST AND RESPONSIBILITIES OF PURCHASERS, PREPARERS AND APPROVERS

All purchasing activities conducted on behalf of Harvard University, whether performed by Strategic Procurement or other University employees and non-employees, and whether made with federal or non-federal funds, must follow the Conflict of Interest Standards listed below. These standards are intended as a supplement to Harvard's existing conflict of interest policies.

In addition, individuals who make purchases with University funds, or who prepare or approve transactions using Concur, Corporate Card, HCOM, or PCard as well as any transactions that feed into the Oracle e-business suite from other systems (e.g., Aleph, Presto, Sutherland Global, etc.) must follow the [Responsibilities of Purchasers, Preparers and Approvers Policy](#) (ROPPA). New users to the HCOM and PCard systems as well as approvers in the Concur system must complete an [on-line training](#) prior to using the system(s). Other systems that have an approver component may require ROPPA Training. Contact your local Finance Office for guidance. Faculty ROPPA training requirements are at each School's discretion.

- Avoid the intent, appearance, and conduct of unethical or compromising practice in relationships, actions, and communications, including with affiliates or subsidiaries, or organizations that President and Fellows of Harvard College controls. For the most part, this does not include area hospitals and clinics with whom we work closely but are not part of Harvard. When transacting with an affiliate or subsidiary, you must abide by the same standards within this section.
- Demonstrate loyalty to Harvard University by diligently following the applicable laws, policies and procedures using reasonable care and only the authority granted as an agent purchasing on behalf of the University.
- Refrain from any private business or professional activity that would create a conflict between personal interests and the interests of Harvard University. A conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.
- Avoid procuring goods or services from a vendor who participated in advising, developing or drafting the request for proposals or bidding criteria.



- Refrain from soliciting or accepting money, loans, credits, or prejudicial discounts; such as the acceptance of material gifts or entertainment, or any kind of favors or services from present or potential suppliers that might influence, or appear to influence procurement decisions.
- Handle information of a confidential or proprietary nature to Harvard University and/or suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations. Bids and quotes submitted to the University are to be held in strictest confidence. Under no circumstances may Harvard personnel give suppliers information about bids or quotes from competing sources.
- Promote positive supplier relationships through courtesy and impartiality in all phases of the procure-to-pay cycle.
- Do not use Harvard University procure-to-pay systems for personal purchases, or use Harvard University buying power for personal benefit.
- University funds cannot be used for personal expenses and purchases that are not made on behalf of the University or for use by the University. Purchases must be for the use and benefit of Harvard University, regardless of intent to reimburse the University.

If an individual believes that they may have a conflict of interest, the individual **must promptly and fully disclose the conflict to their supervisor** and **suspend participation on the purchase** until conflict question has been resolved. The supervisor is responsible for documenting the conflict and elevating it to the school Financial Dean's office or other office as appropriate. The supervisor in conjunction with other relevant offices will assess the conflict and determine if the purchaser can resume participation or if a management plan is needed. This section is not meant to replace or detract from the existing Harvard Faculty Financial Conflict of Interest Policies.

Violations of the above standards are considered serious misconduct and will be referred to the appropriate office for disciplinary action.

CODE OF ETHICS

Individuals purchasing goods and services on behalf of Harvard University should conduct business in a manner that is **consistent with the educational and research goals of the University**. Purchasing activities should be conducted in a professional manner and be based on sound business practice, best value, accountability, and compliance with donor, sponsor and regulatory requirements. Individuals planning for or making purchases must follow this and other established Harvard University policies and procedures.

Harvard University personnel must purchase goods and services using practices that are compliant with applicable laws, regulations and obligations, and aligned with Harvard's policies and objectives. The Federal Uniform Guidance mandates that purchases made with federal funds follow specific procedures and the University requires all purchases made with federal funds to follow these procedures. In addition, all purchases must comply with all terms and conditions of the funding source. Finally, the University strongly encourages best practices for purchases made with non-federal funds.

Whenever possible, all individuals purchasing on behalf of Harvard University should purchase goods and services from Harvard Preferred Vendors to reduce administrative burden and maximize the University's buying power.



Efforts should be made to maintain positive and professional relations with vendors. Business should be conducted in good faith and disputes resolved quickly and equitably. Vendors doing business with the University should be held to standards promoting sound and ethical business practices.

Procurement decisions should be made with integrity and objectivity, free from any personal considerations or benefits.

PERSONAL PURCHASES

University funds cannot be used for personal expenses and purchases that are not made on behalf of the University or for use by the University. Purchases must be for the use and benefit of Harvard University, regardless of intent to reimburse the University.

Do not use Harvard University procure-to-pay systems for personal purchases, or use Harvard University buying power for personal benefit.

In no case may Harvard's tax exempt status be used for personal purchases.

Inappropriate use of Harvard's tax exempt number may jeopardize the University's tax exempt status. In addition, inappropriate use may also be subject to disciplinary action up to and including termination of employment.

SECTION II: BUYING AT HARVARD

THE ROLE OF STRATEGIC PROCUREMENT

The mission of Strategic Procurement is to:

Deliver procurement services and support to the Harvard University community that furthers the strategic objectives of the schools and administrative organizations. Provide value to the University by:

- *Engaging with and advising Schools and Units across the University to meet their strategic objectives through procurement services and support*
- *Leveraging University buying power through supplier management, contract negotiation, adoption of technologies, and collaborative buying*
- *Supporting the University's commitments to supplier diversity, the local business community, and sustainability*
- *Comply with appropriate federal, state, and University regulatory and required policies.*



HOW STRATEGIC PROCUREMENT WORKS WITH THE VENDOR COMMUNITY

Strategic Procurement works with the vendor community on several different levels depending upon:

- Overall University expenditures
- Prevalence of spend throughout the Harvard community
- Recognized opportunity for leveraged buying
- Perceived risk factors
- User request or interest
- Other considerations, including diverse and small businesses

Note: In some cases, vendor relationships are managed by other Harvard departments or units outside of Strategic Procurement.

BEST VALUE VS. BEST PRICE

The best price does not always reflect the best value. Best value can be determined by evaluating the factors listed below. Any or all of these may be taken under consideration prior to committing to a significant/complex purchase:

- The price of the product or service
- Provisions for on-going maintenance (e.g. life cycle costing)
- Quality of the product or service, or its technical competency
- Reliability of delivery and implementation schedules
- Warranties, guarantees and return policy
- Supplier financial stability
- Industry and program experience
- Prior record of supplier performance
- Supplier expertise with engagements of similar scope and complexity
- Proven development methodologies and tools
- Innovative use of current technologies and quality results
- Risk to the University
- Key Performance Metrics and Service Levels



VENDOR DEFINITIONS

In an effort to leverage Harvard's vendor spend across the University and ensure we are receiving the best value and superior service from our vendor partnerships Strategic Procurement has established a network of **Preferred Vendors**. In addition to our Preferred Vendors there are many other **Contract Vendors** who have a signed, negotiated contract with Harvard that may not have gone through a full sourcing process. Utilizing these contracts can save time and money and should be considered before selecting a vendor.

Preferred Vendor (PV)

Preferred Vendors are vendors that have been awarded a contract and/or pricing agreement with negotiated terms and conditions and pricing favorable to Harvard, for use by University schools or units, after successfully completing a formal sourcing process.

The Strategic Procurement Office is the sole office which can assign the designation of Preferred Vendor. Selection of a PV includes stakeholder representation in the evaluation and decision making process.

Using Preferred Vendors meets the [Uniform Guidance](#) requirements for small purchases (purchases between \$10,000-\$250,000). The list of Preferred Vendors is included on the [Strategic Procurement website](#).

In addition, Harvard may access competitively bid contracts conducted by different group purchasing organizations (GPO) and consortia - some examples are E & I, Mass Higher Education Consortium (MHEC) and U.S. Communities based on evidence of consortia's sound competitive and ethical procurement practices.

Preferred Vendor relationships typically include the following characteristics or outcomes:

- Products/services provided impact a large section of the community with significant spend
- The sourcing process involves a comprehensive RFP (Request for Proposal) process, coordinated by a Procurement office involving key stakeholders
- A University contract is developed and executed
- Vendor activity and performance is managed, measured and monitored on campus through regular meetings and reporting
- Procurement and the vendor actively seek opportunities to add value and reduce costs.
- Procurement works to keep apprised of shifting market factors and the competitive market place in the commodity the vendors represent. Vendors may be subject to benchmarking and auditing.



- Stakeholders may meet periodically to review the status of the relationship and provide feedback

Contract Vendors

Contract Vendors (CV) are vendors with whom Procurement has negotiated a favorable contract and/or pricing agreement with, but do not meet [Uniform Guidance](#) requirements for a purchases made with federal or cost-share funds, or expenses transferred to federal funds.

Contract Vendors can be used for both non-federal and federal purchases. If you are using federal or cost share funds for purchases between \$10,000 and \$250,000 from a Contract Vendor please refer to [Appendix: "Summary of Purchasing Procedures for Standard Purchases"](#) of the Procurement Policy, for purchasing instructions and required documentation.

The list of Contract Vendors is included on the [Strategic Procurement website](#).

Diverse and Small Business Owned Vendors

Historically, Harvard has championed the principle of Equal Opportunity. The University continues to make efforts to promote diversity throughout the student and employee populations as well as increase the level of participation by minority- and women-owned business enterprises (MWBs), and small businesses enterprise (SBE) in the University's procurement process. Harvard seeks to create a climate that encourages minority- , women-owned business, and small businesses to compete for University business, and it strives to eliminate potential obstacles to small business participation in University purchasing activities.

- See [Minority and Women-Owned Business Enterprise Program](#)
- In cases where Diverse and Small Business vendors are available to meet a targeted need, Strategic Procurement may work with the vendor to develop a program specific to Harvard and highlight it to the University community.

SECTION III: PURCHASING PROCEDURES

FOUNDATIONAL PRACTICES

Requisitions are used to initiate four different types of orders in HCOM:



Marketplace Order (also known as a “Punchout Request” or a “Catalog Request”): A Marketplace order is placed with one of Harvard’s vendors directly in the HCOM Marketplace. Vendors who appear in the Marketplace have Harvard specific pricing.

Non-Catalog Request: A Non-Catalog Request is created when a good, service or desired supplier is unavailable in the Marketplace. When using a Non-Catalog Request, the local unit takes all responsibility for researching pricing, item details and obtaining the quote from the vendor prior to creating a Non-Catalog Request.

The **staff member is responsible for sending the order to the vendor.**

- For a one-time order for goods, the staff member can call, fax, mail or email the order. The invoice Remit To address will be Strategic Procurement – Accounts Payable.
- For a one-time order for services (or for an HCOM Recurring Order or Standing Order), the staff member must **change** the remit-to address from Strategic Procurement to that of the local unit. The local unit will review the invoice for accuracy, receive the order in the system (if the PO total exceeds \$2500), and then forward the invoice to Strategic Procurement – AP for payment.

Payment Request: Payment requests are intended to initiate payment for one-time transactions and often occur when the invoice has been received. See the [Quick Reference Guide](#) for further information. The user creates a Payment Request by attaching the invoice, other applicable documentation, or an “In Lieu of” invoice form to the request in HCOM. The request follows the HCOM approval workflow. Once final approval is complete, the user forwards the invoice to Central Accounts Payable for processing and payment. When sending the invoice to AP, be sure to note the PR number to tie the documents together.

Non-Employee Reimbursement (NR): Non-Employee Reimbursements are intended to reimburse Harvard business expenses for non-employees and Harvard individuals in certain categories. Visit [Processing NRs in HCOM](#) for further details.

PCard & Corporate Card Usage

PCards and Corporate Cards may be used instead of Requisitions and Purchase Orders as a purchasing mechanism in certain circumstances.

The University’s PCard is issued to employees at the request of schools and local units in accordance with the University’s [PCard policy](#). The intent of the card is to streamline the purchase of and payment for certain commodities by reducing disbursements of petty cash, payment requests, employee reimbursements and the processing costs associated with these transactions.

The University’s PCard and Corporate card should not be used to transact with vendors enabled within the HCOM Marketplace. For a complete, current list of enabled vendors, while in the Marketplace on the main Shop page, click on the link marked Browse: Suppliers. See the [HCOM Marketplace Quick Reference guide](#) for details.



CREATING REQUISITIONS

For detailed instructions on how to place orders with vendors in the HCOM Marketplace, see the [Harvard Training Portal](#).

Business Purpose

Shoppers and approvers are responsible for ensuring that the appropriate level of detail is provided in the designated fields in HCOM to support a valid business purpose.

High Risk Confidential Information (HRCI)

Shoppers and approvers should not attach documents that contain [HRCI data](#) or enter HRCI data in free form text fields. Please note that Central Accounts Payable does not pre-audit invoices for confidential information. If a vendor invoice contains confidential data, Shoppers should remove any confidential data before forwarding the invoice to Central Accounts Payable.

Payment Request

Payment request may be submitted for direct payment to non-employees and other direct payments that cannot be made using the PCard (See below). Shoppers and Approvers are responsible for ensuring that a payment request is the appropriate payment method as defined in the purchasing matrix, prior to initiating and approving the transaction.

“After the fact” Purchase Order

HCOM requires a purchase order be created for all goods and services except those payments that are appropriate for processing via the Payment Request. Purchase orders should be created **prior** to placing an order.

REQUISITION AND PURCHASE ORDER ELEMENTS

A Purchase Order (PO) is a unique document used to communicate a purchase of goods and/or services to a vendor. These typically start as a requisition that flows through the appropriate approval channels. The order may be placed with the vendor only after the requisition is fully approved.

To ensure efficient ordering and payment, Shoppers should make sure the following data is complete on the Purchase Order (PO):

- **Bill To Address:** Address where the invoice(s) related to this Purchase Order is to be sent.



- **Body of the Purchase Order:** Specify exact quantity, manufacturer part number, vendor part number, description, and price. A record of the quoted price is helpful for comparison with the invoice.
- **Harvard 33 Digit Code:** Also known as Chart of Accounts (CoA), the budget line where this purchase is to be charged.
- **Purchase Order Date:** The date the Purchase Order was generated.
- **Purchase Order Number:** The unique number identifying the Purchase Order document. Effective for tracking the purchase from order through to payment.
- **Required Delivery Date:** Be as specific as possible. Avoid using ASAP, Urgent or Immediately. These instructions leave the actual delivery date up to the vendor.
- **Ship To Address:** Provide the vendor with a complete address. Include the school, street address, department, laboratory, room number, and the name of the person receiving the order. For compliance purposes, the Ship To address should be a Harvard facility (as opposed to a home/personal address).
- **Notes to Supplier:** Specify any other additional information necessary for the vendor to process the order, if applicable. Note: When “Notes to supplier” are added to the PO, they become part of the legal document.

Payment Terms

Harvard’s standard payment terms are Net 30, meaning Harvard will pay the Seller on/before the 30th calendar day (including weekends and holidays) from the date of the original invoice. If more favorable terms are negotiated, Harvard may be eligible for early payment discounts.

Note: Individuals are typically set up with Immediate payment terms (e.g. students or independent contractors).

Note: Purchases made with **Federal funds** require vendors to adhere to additional requirements such as the [Procurement Policy](#), [Travel Policy](#), [Business Expense Policy](#), and the [Office for Sponsored Programs Policies](#).

Confirming/Original Orders

To avoid duplicate shipments, a purchase order should indicate whether the order is new or to pay for an existing order.

Record Retention

While requisitions and POs accommodate attachments in HCOM, departments are responsible for managing their own record retention. See [RMS website](#) for further instructions.

APPROVING REQUISITIONS



Approval Thresholds

University approval thresholds are defined by the Office of the Controller. School financial offices are responsible for assigning approval thresholds to individuals. The shopper is responsible for selecting the appropriate approver(s). All purchases greater than \$250,000 will require approval by Strategic Procurement.

Self-Approval Threshold

It is not a recommended Best Practice for individuals to approve transactions where they are also the purchaser or preparer (“self-approval”), or where their direct or indirect supervisor is the purchaser or preparer. In some units, however, strict separation of duties may be impractical. In these cases, units should work with their TUB finance office and/or RMAS to assess the risks and if necessary, develop an alternative means of review and approval (e.g., approval by TUB finance office, TUB finance office monitoring of spending, etc.). The local unit has the discretion to set the threshold to \$0 for Approvers. Self-approval for sponsored awards is highly discouraged.

Delegation of Approval Authority

Approvers have the ability to systemically delegate their approval authority to an appropriate resource in their absence (Vacation Rule) or to share the workload (Shared Worklist). The initial approver is accountable for delegating approval authority to the appropriate individual, and for the decisions made by their delegate.

MAINTAINING PURCHASE ORDERS

3.1 PO Edit, Close, and Cancel

Who Can Edit, Close, and Cancel Purchase Orders?

Changes can be made through the Strategic Procurement – AP Customer Service line (617) 495-8500 or ap_customerservice@harvard.edu. A process has been developed to expedite requests for any changes or deletions of purchase orders. PO Edit and Cancel is a Central System Administration only function and is not available to Schools or departments.

What Types of PO Edits are not allowed?

Account Coding Changes are not allowed after a requisition has been approved and a PO has been generated. Changes should be made by processing a journal entry through the GL and the invoice number should be included in the description. For Sponsored Funds, the Cost Transfer Policy (CTP) will apply to transactions that have been posted to the general ledger.

PO editing is not permitted for Marketplace orders as these POs contain negotiated, pre-determined pricing on catalog/punchout items, but these types of orders can still be Closed or Canceled.



RECURRING ORDERS

An HCOM Recurring Order is a single or multiline Purchase Order created for pre-negotiated services where payments are made throughout the fiscal year against a static account code. This means that in HCOM:

- Recurring Orders are sent for services only
- While more than one 33-digit number can be used to create the Standing Order, the account coding cannot change while invoices are received against the order
- The Recurring Order should not be placed for longer than a single fiscal year

In HCOM, a Recurring Order is created via a Non-Catalog Request. As with all Non-Catalog Requests:

- The school/unit is responsible for researching pricing, item details and obtaining the quote from the vendor prior to creating a Non-Catalog Request. See the section on Advanced Purchasing Practices in this manual for some helpful information concerning this topic.
- In a Non-Catalog Request, the Item Description is manually entered into HCOM by the school/unit creating the request. It is imperative that the Item Description(s) match the quote received from the Vendor as close as possible, so the Purchase Order will be matched to the invoice when the invoice is received and entered by Strategic Procurement - AP. Failure to input this information accurately will most likely result in an Invoice Hold.

See Quick Reference Guide for [Standing Order](#) information.

INVOICE PROCESSING

For **HCOM Marketplace orders** that have completed requisition approval workflow, a purchase order is automatically generated and transmitted to the vendor (excludes non-catalog), designating a specific Strategic Procurement AP PO Box as the remit-to address. The vendor will send the invoices directly to Central Accounts Payable (excluding services, as mentioned previously). Once a staff member acknowledges the receipt of goods in HCOM (only required for purchase orders of \$2,500 or more), and AP successfully matches the price, quantity, and description of all items on the invoice, AP will pay that invoice.

In the case of an **HCOM Non-Catalog Order**, the staff member creates the Requisition and the Purchase Order is generated upon departmental approval. The staff member is then required to send the Purchase Order directly to the vendor.

- a. In case of a one-time order for goods, the vendor will send the invoice directly to Central AP as indicated in the Bill To section of the Purchase Order.
- b. In the case of a one-time order for services or for an HCOM Recurring Order, the shopper must instruct the vendor to send the invoice directly to the local unit. The local unit will review the invoice, complete receiving (if required), and forward it to Central AP for processing.

In the case of a **Payment Request**, the local unit will already have access to an invoice and/or other appropriate documentation. Once the Payment Request has been processed and approved in HCOM, the user will clearly state



the Payment request number on the invoice and forward the invoice and all supporting documentation (containing no confidential data) to Strategic Procurement – AP for processing.

In the case of **Nonemployee Reimbursements**, the local unit will create a reimbursement request in HCOM. Once the Nonemployee Reimbursement (NR) Request has been processed and approved in HCOM, the user will clearly state the NR number on the invoice and forward the invoice and all supporting documentation (containing no confidential data) to Strategic Procurement – AP for processing.

INVOICE HOLD RESOLUTION PROCESS

When an invoice is received at Central Accounts Payable and entered into Oracle, the system attempts to validate the invoice for payment. In order to validate, each line item must successfully pass a three-way match between purchase order, invoice and receiving (if required).

When one or more line items cannot be validated, the system places the entire invoice in hold status and payment is withheld. Using automated e-mail notifications, Strategic Procurement then initiates a hold resolution process, reaching out to the shopper or final approver of the purchase order in order to resolve the hold and process payment timely and accurately.

Types of Holds:

1. **Receiving:** An invoice for a Purchase Order of \$2,500 or more arrives in Central AP and is processed, but electronic receipt for one or more invoice line items is not yet complete.
2. **Quantity Ordered:** An invoice bills for a line item at a higher quantity than the quantity ordered or received on the purchase order.
3. **Price (Max Tolerance):** An invoice bills for a line item at an amount over the pricing tolerance established by Financial Administration's Office of the Controller. Pricing overages within the tolerance are not placed on hold. For HCOM Marketplace orders with pricing overages, Central AP processes an internal debit memo to reduce the invoice payment to the guaranteed pricing listed on the purchase order, which releases the price hold.

Roles of Strategic Procurement - AP and Local Departments in Resolving Holds:

There are different types of Invoice Hold methods– Manual holds set by AP (where the department receives an automated notification), Receiving Hold (notification goes to Shopper) and/or Quantity Billed and Price hold (notification goes to Final Approver). Departments should use those AP notifications in conjunction with OBI P2P reporting tools to manage their invoices on hold.

When responding to hold notifications, it is the responsibility of the final approver to review hold details, reach out to the Shopper, Vendor, or others as needed for clarification, then advise Strategic Procurement - AP on payment in a timely manner. Strategic Procurement – AP will attempt to contact the department three times to resolve a hold. After three attempts, hold resolution will be escalated to the TUB's local finance office.



TAXES AND EXEMPTIONS

Harvard is a Massachusetts tax-exempt corporation and qualifies for tax exemptions in some states on purchases of goods or services (Cert. # [E042103580](#)). In Massachusetts, Harvard is exempt from sales and meals tax, but not exempt from room tax. This applies to all purchases; both made via the PCard, Corporate Card, through direct billing or reimbursements to individual for out-of-pocket expenses.

In order to obtain an exemption, the purchaser may need to provide required [state forms](#) to the vendor. See the [Tax Exemption Write-Up](#) for additional guidance.

Note: When using federal funds, cost-share funds, or expenses being transferred onto federal funds, if a purchaser fails to use Harvard's tax exempt status where allowed, the taxes may not be charged to a federal award. The taxes must be charged to non-federal funds using object code 8450. If Harvard is required to pay the taxes (i.e., room tax or other states where Harvard does not have tax exempt status), then the tax may be charged to the federal award using the appropriate expense object code. See the [Sponsored Expenditures Guidelines](#).

Note: Resale of items may require payments of Unrelated Business Income Tax (UBIT) or sales tax: Contact your local Finance Office for additional guidance.

Tax Type	Harvard Expenses Expenses billed to Harvard, paid by University Corporate Card(s) or PCard, or out-of-pocket reimbursement
Meals Tax (also known as food sales tax)	
Purchased in Massachusetts	Exempt ¹ - Provide ST-2 and ST-5 Forms to vendor as requested
Purchased Outside Massachusetts	May be Exempt ¹ - See list of exemptions for other states
Room Tax (also known as occupancy or hotel tax)	
Purchased in Massachusetts	Not Exempt ²
Purchased Outside Massachusetts	May be Exempt ² - See list of exemptions for other states
Sales Tax	
Purchased in Massachusetts	Exempt ³ - Provide ST-2 and ST-5 Forms to vendor as requested
Purchased outside of Massachusetts Item to be used in Massachusetts	Exempt ³ - Provide ST-2 and ST-5 Forms to vendor as requested
Purchased outside of Massachusetts Item to be used outside of Massachusetts	May be Exempt ³ - See list of exemptions for other states
Value Added Tax (VAT)	
VAT is a general, broadly based consumption tax assessed in many foreign countries on the value added to goods and services. Purchases of goods or services to be used in the US should not have to pay VAT. See Office of the Controller Tax Office or contact tax_reporting@harvard.edu for additional information.	



¹Meals Tax

The University is exempt from Massachusetts (and may be exempt in other states) Meals Tax under the following conditions:

- For a catered event or when an outside organization, such as a caterer, restaurant, or hotel is hired to provide meals for students, employees or Harvard guests.
- Individuals paying for a Harvard business meal using a PCard, Corporate Card, invoice or out-of-pocket are exempt from MA Meals and should take advantage of this exemption by presenting [ST-2](#) and [ST-5](#) forms when requested by the vendor.

²Room Tax (also known as occupancy or hotel tax)

Harvard is not exempt from Massachusetts room tax or required fees charged by hotels, motels, and inns, but may be exempt in other states. See a list of [other state exemptions](#) and required forms.

³Sales or Use Tax

- Harvard is exempt from Massachusetts sales tax for purchases made in Massachusetts.
- Harvard is exempt from Massachusetts use tax for purchases made outside Massachusetts but the purchased items are used in Massachusetts. This includes out-of-state on-line or telephone orders of items being shipped to and used in Massachusetts. This also includes items purchased outside of Massachusetts in-person but brought back to Massachusetts for use in Massachusetts.

In-person purchases made outside of Massachusetts may be exempt, see the list of exemptions for [other states](#) and use any documents that apply.

CREDIT APPLICATIONS AND TRADE REFERENCES

When conducting business with Harvard University, outside organizations or vendors may request one or more identification numbers. These numbers are often used to formally identify Harvard as a legally-registered entity for tax exemption purposes or to validate Harvard's financial stability for credit and loan applications. Use of any Harvard identification number is **STRICTLY LIMITED** to official Harvard business.

What is the Tax ID/TIN/FEIN/EIN number and when it is used?

The Federal Employee Identification Number (FEIN), also known as the Employee Identification Number (EIN) or Tax ID number (TIN) is a nine-digit number assigned by the IRS. This number is used for tax reporting purposes, much like an individual's social security number (SSN). Schools and units may be asked for this number, a W-9 or other exemption certificate(s) when purchasing items from vendors in order to claim tax exemption or to have Harvard set up as a vendor.

Where can I find Harvard's Tax ID/FEIN/EIN number?

Harvard's Tax ID/TIN/FEIN/EIN number and other tax exemption forms and certificates can be found on the [Strategic Procurement \(SP\)](#) website. Tax ID numbers are managed by the Tax Reporting Office. For questions about the TIN/FEIN/EIN please contact the [Tax Reporting Office](#).

- ❖ Federal Tax ID (TIN): 04-2103580 (see [Office for Sponsored Programs](#) for NIH proposals)



- ❖ Massachusetts State Tax Exemption Number: 042103580 – [Form ST-2](#)
- ❖ Harvard also has tax exempt status in other states. For out-of-state tax exemption certificates, go to [tax forms](#) when purchasing goods shipped to Massachusetts from another state or if holding an event in certain exempt states.

What is a DUNS number and when it is used?

A Data Universal Number (DUNS) is a nine-digit number issued by the credit reporting agency Dun & Bradstreet (D&B) and is used to create a business credit file. The DUNS number is used by suppliers and creditors to verify a company's identity and legal status. Similar to a SSN, the DUNS is used for credit reports and ratings. A vendor may request a DUNS number when Harvard is applying for a credit line or loan.

Where can I find Harvard's DUNS number(s)?

Harvard has multiple DUNS numbers issued for specific purposes and are linked to specific Harvard bank accounts. The [Office of Treasury Management](#) (OTM) maintains a master list of DUNS numbers for Harvard. For guidance and instructions on how to apply for a DUNS number, contact [OTM PRIOR](#) to contacting Dun and Bradstreet for a number.

Income: If an external party requests a DUNS number in order to transfer funds to Harvard (e.g., student term bill payment, grant payment, or other type of payment to Harvard), contact [Susanne Rossini](#) at [OTM](#). OTM reconciles all income coming in to Harvard and will assign the appropriate DUNS number ensuring the funds are deposited into to the correct bank account.

New Vendor Requests: Refer to the [credit and trade reference list](#) on the SP website for a DUNS number or other trade reference information requested by a new vendor.

Sponsored Research Proposals: Harvard has specific DUNS numbers for sponsored research proposals. See the [Office for Sponsored Program's Institutional Information Fact Sheet](#) for appropriate DUNS and EIN numbers.

Specialty Store Charge Cards: The University does not authorize departments to apply for and use department or specialty store charge cards (e.g. Home Depot, Kohl's, etc.).

SECTION IV: GENERAL GUIDELINES ON PURCHASING PRACTICES

PHYSICAL RECEIPT OF GOODS

Deliveries can be made directly to the end user's office, lab, receiving dock, or any other location specified on the purchase order. All packaging should be **carefully examined for any visible evidence of damage**, particularly if the purchase is fragile or costly. The person 'receiving' the purchase should make a note of the date the order was received, the name of the vendor, the quantity received, and the purchase order number. The receiving and purchase order information can be checked against the invoice to make sure that the quantities received are the same as the quantities being invoiced.



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. Some vendors may also charge a restocking fee to offset the cost of returning the item to inventory. The buyer or end user should keep a record of the name of the individual authorizing the return, the authorization number and date, notes of any conversations with the vendor authorizing the return, the date the shipment was returned, the name of the carrier, and the vendor's complete address and the name of the individual receiving the returned goods. If the item being returned is expensive or fragile, it should be insured. Contact the [Harvard University Insurance Department](#) (495-8668) for adequate insurance.

HCOM FOUNDATIONAL PRACTICES - RECEIVING

Receiving

Receipt acknowledgement in HCOM is required for all Purchase Orders of \$2,500 or more once physical receipt of the good or service is confirmed. Invoices will not be paid for these orders until receiving is completed in HCOM. Although the ability to mark an item as received exists in HCOM, it is only required for purchase orders with a value of \$2,500 or more. If the invoice matches the PO (two-way match), payment will be made to the vendor (no 3 way match requirement) for orders less than \$2,500.

If required, receipt acknowledgement in HCOM should occur at the time of physical receipt of purchased goods, or receipt of invoice for services.

For more information on how to receive in HCOM, please see the [HCOM Holds, Receiving, and Returns Quick Reference](#).

MANAGING VENDOR RELATIONSHIPS

Maintaining good relations with a vendor should be as important to a buyer as getting the best price. A good buyer-seller relationship is a partnership, a win-win situation over the long run. A vendor who is treated with courtesy, honesty, and fairness will deliver a quality product at the best price, will provide good service, and will be responsive to emergency situations and special requests.

There is also a public relations aspect to purchasing that should not be overlooked. An organization's public image can be a valuable asset. A vendor who is treated equitably and professionally is likely to communicate their positive experience with your organization to their associates.

Guidelines for Successful Vendor Relationships:



- Use Harvard Preferred Vendors to best leverage the collective University volume to consolidate orders, and to reduce administrative processing costs
- Be fair - give qualified vendors an equal opportunity to compete for business
- Maintain integrity - a vendor's pricing is confidential and should never be shared outside of the University for any reason
- Be honest - never inflate requirements to obtain better pricing; negotiate in good faith; don't change the requirements and expect the vendor to hold their pricing
- Be ethical - procurement decisions should be made objectively, free from any personal considerations or benefits
- Be courteous
- Be reasonable - a vendor is entitled to a fair profit
- **Pay promptly** - the purchase order you issue to the vendor is your promise to pay for goods and services in a timely manner consistent with Harvard's payment terms. When vendors expend additional resources for debt collection it becomes more expensive to do business with Harvard and this is reflected in higher prices and lower service levels for all

HOW TO MANAGE A VENDOR ISSUE FOR DEFECTIVE EQUIPMENT

Suggested guidelines for resolving equipment failure issues with a vendor:

- Draft written communication via Harvard email address or letterhead to the vendor, and Cc the Director of [Strategic Procurement](#)
- Provide specific information on the original purchase – date of purchase, PO number, amount of purchase, department account number with vendor, model number and description, invoice number, etc.
- Reference any applicable warranty
- Indicate the instrument or other item has not performed to specification and outline the steps you have taken to get it working properly. Emphasize the amount of time spent and impact on on-going operations. Be as specific as possible with service dates, problems, outcomes etc.
- Recap any promises made prior to the purchase regarding modifications to the instrument's functionality. When and by whom these commitments were made would also be important. Anything you have in writing, or any actions you know the vendor has taken on your behalf, may serve to strengthen your position.
- Discuss what you will accept as a satisfactory resolution to the problem, be it a refund, replacement or other.



- You may be able to leverage the University's spend, supporting the argument that Harvard is a good and important customer. Contact Strategic Procurement for more information.
- Set a date. Indicate you are hopeful the vendor will contact you (provide name and phone/email) by this date in order to work out a mutually agreeable resolution to this problem. However, if this does not occur, tell them you plan to forward the information to [Harvard's Office of the General Counsel](#) for possible further action. (If this becomes necessary and the dollar value of the potential loss is substantial, collect all you have on the purchase and involve the OGC)
- If you have already been in contact with the local sales representative (not the service personnel) and he/she has not offered to make adequate restitution, you can direct the letter to the regional Vice President of Sales or the highest ranking company officer you can identify.

SECTION V: ADVANCED PURCHASING PRACTICES

HOW TO SELECT AND QUALIFY A VENDOR

Vendor selection and evaluation is a process that can take some time and energy depending on the product or service, but is well worth the effort when the vendor chosen is competitively priced and responsive to the needs of the University.

1. Know what you want. Have a clear and accurate description of the technical requirements for the material, product, or service to be procured. Avoid unnecessary or duplicate items or investigate lease vs. buy options.
2. Before looking externally for a vendor check the [Strategic Procurement website](#) to see if a Harvard Preferred Vendor or Contract Vendor is available.
3. If a Harvard Preferred Vendor or Contract Vendor is not available there are a number of other resources to consider:
 - Consult the internet, trade publications, directories, vendor catalogues and professional journals
 - Talk to internal colleagues and peers in other institutions who might have purchased a similar product or service
 - Contact industry analysts or market research firms (e.g. Gartner, Forrester, IDC)
4. Once a list of potential vendors has been identified begin evaluating each supplier's capabilities. In some cases obtaining a [Dun & Bradstreet](#) financial report ('running a D&B') is a good place to start. However, a D&B contains



only publicly available information or information the vendor chooses to provide. Some D&B reports also include brief profiles of key management personnel and historical information on the company.

Harvard Business School's Baker Library offers many financial databases through a PIN login at <http://www.library.hbs.edu/>.

There are a number of considerations for vendor selection

- Evaluate a vendor's financial stability (annual reports, 10K statements, D&B, etc.)
- Find out how long the vendor has been in business
- Find out who are the vendor's primary customers and ask for and check references
- Tour the vendor's facilities, if appropriate
- Does the vendor use state-of-the art technology?
- Is the vendor really interested in doing business with the University?
- Does the vendor use sustainable products and process to conserve natural resources and protect the environment and are energy efficient?

These steps should narrow the field to the three to five vendors who will be asked to bid on the particular product or service.

All vendors who may be invited to submit an RFP must sign a Non-Disclosure Agreement (NDA) prior to receiving the RFP.

PREPARING AND EVALUATING A BID

Bidding goods and services is a useful process for several reasons. For purchases greater than \$250,000, a formal bid process is required for federal funds and a best practice for all others. The bidding process:

- allows the buyer to comparison shop for the best pricing and service
- allows the buyer to make an informed and objective choice among potential vendors
- encourages competition among vendors
- gives the buyer a standard for comparing price, quality, and service



- gives the buyer a list of qualified vendors for future bids
- places Harvard in an advantageous negotiating position

NOTE: Depending on the commodity, educational pricing may be available.

The bid process begins with the buyer developing a set of specifications or objectives. It is important to be as specific as possible in defining your requirements so you can accurately compare vendor offerings. The buyer can consult colleagues, technical personnel, trade manuals, and vendors for assistance in developing specifications. The buyer then communicates the requirements to the selected vendors by a written **Request for Quotation (RFQ)** or a **Request for Proposal (RFP)**.

The **RFQ** process is designed to identify the vendor who can **meet the buyer's requirements for the best price**. The RFQ should be used for bidding familiar, standard items. Price, delivery and inventory are usually the most important elements of the RFQ. The RFQ should contain ALL the information necessary for the vendor to submit a valid quote:

- The product(s) should be described in detail.
- Specifications should be clear, concise and complete.
- Quantity, quality requirements, packaging, [FOB Point](#), payment terms, and warranty, delivery and
- Inventory requirements should all be included in the RFQ.

An **RFP** should be used for bidding services or complex purchases such as Professional Services, Service Agreements, and Technology. The RFP usually begins with a statement of purpose or goals and objectives - what the buyer hopes to accomplish. The RFP:

- should clearly define an acceptable level of performance for the vendor and a definite time frame for achieving this goal
- should ask the vendor to describe the qualifications of those individuals who may be involved in implementing the goals and objectives of the RFP
- should ask for all of the information contained in an RFQ (see above) but also can ask for more detailed input from the vendors. The vendors might be asked how they would meet a specific objective, what unique contributions they would make toward achieving the goals outlined in the proposal, and what alternative proposals they would offer. The vendors might also be asked to solve specific problems concerning time constraints, new technology, or on-the-job training for end users. **"How" is as important as "how much"**.

Tips on preparing a bid (RFQ or RFP):

- If any Harvard confidential information will be disclosed then a signed Non-disclosure Agreement (NDA) must be signed before any information is shared



- The buyer needs sufficient time to prepare a good bid and the vendors need sufficient time to respond (two to four weeks is typical depending on commodity or service)
- All vendors should receive **identical** copies of the RFQ or RFP and any subsequent changes in the bid specification
- Specify a deadline for submitting all bids. If the deadline is extended for one vendor, it must be extended for all
- All vendors should be notified in writing if the bid specifications change. If the changes are substantial, it may be necessary to extend the submission deadline. All vendors should be notified of the extension in writing.
- If the buyer receives a number of questions about the bid, the buyer should consider holding a **bidders conference**. The buyer will have an opportunity to clarify the RFQ or RFP for all the vendors and no vendor will have the unfair advantage of additional information.
- Determine what format you want to receive information in (consider providing a pricing template) for ease of comparison
- All competitive bids are confidential and should be treated as such

Tips on evaluating bids:

- Establish your evaluation criteria **before** bid responses are received
- Take the time to review the bids carefully, evaluating qualitative components **before** pricing
- Narrow the field by determining which vendors are "responsive". A "responsive" bid provides ALL the information asked for and addresses ALL the issues in the RFQ or RFP. Consider eliminating bidders who are unresponsive
- Look carefully at proposed prices. Be wary of a vendor who substantially underbids their competitors. They may be "low-balling" to win the bid but the quality of their product could suffer or they might be unable to meet the delivery requirements. A substantially lower price might also indicate the vendor has misunderstood or misinterpreted the requirements
- If appropriate, obtain and evaluate samples
- If the bids are roughly equivalent ask for extended warranties (if appropriate) and compare prices
- Consider the vendors' past performances, after-sale support and services, technology, and the creativity used to meet the buyer's requirements or objectives



PREPARING AND EVALUATING A CONTRACT

Generally, a contract is required if a binding agreement is intended between Harvard and any outside party where either Harvard or the other party will be responsible for specific deliverables or services. Harvard may have an existing master services agreement (MSA) with a vendor. If you believe others at Harvard may be using the vendor you are selecting, contact Strategic Procurement to check.

Procurement contracts or other binding documents (defined as an agreement, quote, contract, or statement of work) of \$150,000 or more should be reviewed by your local Finance or Procurement office **prior** to signing the binding agreement, issuing a purchase order or receipt of the good or services. Check with your local Finance or Procurement office to see if they have specific policies about contract review and signing thresholds. Schools or units may want to consult with the Strategic Procurement Contracts team or the General Counsel's Office for high-risk or complex contracts.

The Strategic Procurement Contracts team can assist with any or all of the following:

- Contract Reviews/Questions
- Contract Review Training
- Harvard Standard Contract Templates
- Contract Management Tools and Training

For more information please visit the [Strategic Procurement Contracts team website](#) or contact spcontracts@harvard.edu.

NEGOTIATION TECHNIQUES

Negotiating successfully takes skill and practice and should result in a win - win situation for both the buyer and the seller. For individuals who regularly negotiate with vendors and other organizations, it may be appropriate to pursue training and/or membership in one or more appropriate professional societies. As guidelines, good negotiators:

- do their homework
- clearly understand their requirements and objectives
- develop a strategy in advance including a 'Plan B'
- never lose sight of their goals
- know where they can afford to compromise and where they cannot



- make sure their negotiating teams have whatever expertise (technical, financial, legal) is needed to increase the chances for a successful settlement
- make an effort to anticipate the vendor's strategy and to determine what the vendor hopes to gain from the negotiation process

When to Negotiate

Buyers should negotiate when:

- the purchase involves a significant amount of money or represents an on-going effort
- the number of vendors available are too few to competitively bid the purchase (the buyer can't be sure of getting a fair price)
- new technologies or processes are involved for which selling prices haven't been determined yet
- the vendor must make a substantial financial investment in equipment, technology or other resources
- not enough time is available to competitively bid the purchase

Negotiation Strategies

Whenever possible, buyers should:

- negotiate on their own "turf". The physical environment should be pleasant, well ventilated and lighted
- prepare an agenda and brief the members of the negotiating team beforehand so that their strategy isn't compromised
- never lose sight of the target - what should be gained from the negotiation
- have confidence in their facts and figures. Never use information that could be questioned or proven inaccurate.
- negotiate only with vendor representatives who are empowered to make concessions
- leave plenty of room to maneuver. Don't limit your options
- not be afraid to be silent. Silence can be an effective negotiating tool. If the vendor fears he is losing the business he may talk himself into offering more and better concessions than expected.
- call a recess or break if negotiations break down
- consider having separate rooms available for breakout discussions



- always withhold something for concession in return for a point the vendor is willing to concede
- always be fair. The vendor is entitled to a reasonable profit - one that allows him to stay in business for the long-run.
- Complete negotiations before awarding the bid

Negotiation Strategies to Avoid

Buyers:

- shouldn't reveal their strategies too early into the negotiation process
- should avoid getting so bogged down in details that the overall objectives are lost
- should never try to prove the vendor wrong. Leave the vendor room to retreat gracefully from a stated position.
- should avoid displays of temper, frustration and anger that can handicap the negotiation process and logical thinking.
- should not communicate anything to the vendor that reduces bargaining power, for example: "You're our only source." "We have \$21K budgeted for this purchase." "I have to have it now." etc. Be intelligent and cautious.

PURCHASING EQUIPMENT

Lease or Buy

Equipment purchases usually involve a substantial financial commitment - the purchase price of the equipment and the **cost to service and repair it**. Before purchasing the equipment, the buyer should determine whether or not a **short term lease** will satisfy the needs of the end user and whether or not a similar piece of equipment exists on campus, is available, and will satisfy the needs of the end user. If the buyer decides to lease the equipment, provisions should be made for **upgrading the equipment**, if needed.

Making the Buy

Once the decision has been made to purchase the equipment, the buyer should prepare the specifications, select the vendors, and develop the RFQ or RFP. If the equipment is standard and requires no modifications, the buyer can use the RFQ format ([PREPARING AND EVALUATING A BID](#)). If the equipment requires specific modifications, the buyer should use the RFP format and clearly define the specifications and the scope of the work to be performed.



Guidelines for Shipping Equipment

Negotiate the [FOB Point](#) (Free on Board), a term specifying at what point obligation, costs, and risk of goods delivery shifts from seller to buyer. If the terms are FOB Destination, the vendor is legally responsible for the equipment until it is delivered to the specified location and, if the equipment is damaged in transit, is also responsible for filing the freight claim. If the terms are FOB Origin, Harvard is legally responsible for the equipment in transit from the vendor's warehouse or dock. Harvard would file a freight claim if the equipment is damaged in transit. When the FOB point is Origin, the equipment should be insured for full replacement value through the [Harvard University Insurance Office](#) (495-8668) or by the vendor. **Harvard's preference is FOB Destination.**

Other Issues to address before Purchasing Equipment:

- **Physical Site Preparation**

Does the receiving site have any limitations such as truck size, weight, or accessibility? Have provisions been made to remove old equipment, if necessary? Can the floor structurally support the equipment? Are freight elevators available and will the equipment fit? (Take the time to measure doorways and elevators.) Are electrical connections in place and compatible? Will the new equipment interface with existing equipment and how will this be accomplished? Request that the vendor give notification 24-48 hours before delivery.

- **Installation**

Who will be responsible? What does it include? If the installation will be performed by the vendor's personnel, make sure the vendor has adequate liability and worker's compensation insurance. Can University personnel install the equipment? How long will installation take? Is installation a separate cost or included (FOB Installed).

- **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?

- **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.

- **Warranties**



Warranties should begin from the date of installation and training. 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.

- **Service and Maintenance**

See [Equipment Maintenance and Service Agreements](#)

- **Payment Terms**

Negotiate payment terms with the vendor and specify the terms on the purchase order. Occasionally, vendors will request a partial payment when the order is placed, another payment when the order is shipped, and final payment when the equipment is accepted. Progress payments are typically made if the equipment is expensive or has been customized to the end user's specifications.

- **Vendor Terms and Conditions of Sale**

Buyers should pay particular attention to the fine print on the vendor's written quotation. Some items may be negotiable, some are not. Review the order cancellation and return policies carefully. Penalties for cancellation can involve a substantial portion of the purchase price - particularly if the equipment has already been customized to meet very specific requirements.

- **Foreign Import**

Contact the [Harvard University customs broker](#) for information on required forms and duty charges.

- **Bonds**

If the equipment is complex, customized, and expensive, the buyer may require a **Bid Bond**, which binds the vendor to his offer (the vendor's quotation or proposal) to sell the equipment; a **Supply Bond**, which guarantees delivery of the equipment and is used primarily for customized equipment or components; or a **Performance Bond**, which guarantees that the vendor will deliver and install the equipment according to a specified schedule. Most common equipment purchases do not require bonds.

Purchasing Capital Equipment



A Capital Equipment purchase is equal to or greater than \$5,000 and has a useful life span of one year or more. For information on fixed assets and capitalizing equipment purchases, refer to the [Office of Fixed Asset Accounting](#).

EQUIPMENT MAINTENANCE AND SERVICE AGREEMENTS

Computers, scientific, diagnostic and testing equipment, and other 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.

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 and RFPs, 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 - about 7 to 10 years. If the equipment will be rented or leased, the buyer should carefully review the service coverage offered as part of the rent/lease program for adequacy.

Developing Service/Maintenance Agreements for New or Previously Purchased Equipment

Buyers negotiating equipment maintenance/service agreements should 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, excluded services (what the vendor is not obligated to do), warranty, excluded parts, response time, loaner equipment, and appropriate insurance coverage. Vendors usually have standard terms and conditions available for review by the buyer. 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.

Equipment that can be serviced under a common agreement should be grouped and identified by model number and manufacturer. If a number of pieces of equipment need servicing, the vendor might be willing to extend a quantity discount. The buyer should request information from individual manufacturers on standard maintenance agreements and what, if any, policy the manufacturer has on maintaining another manufacturer's equipment. The buyer and vendor



should develop a mutually agreeable maintenance schedule so that the equipment will be available and accessible for servicing.

If time permits, the buyer should look at the cost of obtaining a third-party firm to handle repairs and maintenance versus the original equipment manufacturer (OEM). Service representatives from the OEM may have to travel some distance to repair your equipment - travel time the buyer will have to pay for.

Sometimes, a third-party firm will be able to handle service and repair requirements for a lower rate because the service representatives are closer. However, the buyer must be confident that this firm can obtain the parts and personnel needed to service and repair the equipment.

SECTION VI: SPECIAL PURCHASES

Follow required procedures for Special Purchases governed by other policies. Certain purchases carry additional restrictions per Harvard policy. Please refer to University and local TUB policies and procedures for the following purchases:

1. [Air Emission Source Compliance](#) (prior to buying equipment)
2. [Alcohol and Tobacco](#) (purchases of alcohol and tobacco may be subject to taxes)
3. [Animals – Live](#)
4. [Chemicals Facility Anti-Terrorism Standards Chemicals of Interest](#)
5. [Controlled Substances](#)
6. [Employee and Nonemployee Gifts and Celebratory Events](#)
7. Firearms – Prohibited by Massachusetts General Law. Contact [Harvard University Police Department](#) for additional guidance.
8. Human Subjects – [Use of](#) and [Processing Payments](#)
9. [Independent Contractor Policy](#)
10. [Radioactive Materials](#)
11. [Select Agents](#)
12. [University Purchasing Card Policy](#)
13. [University Staff Mobile Phone Policy](#)
14. [University Travel Policy](#)

PURCHASING TAX-FREE ALCOHOL FOR LAB USE

The Department of the Treasury - Alcohol and Tobacco Tax and Trade Bureau (TTB) requires **tax-free alcohol permits** for all departments using absolute alcohol for research. Harvard has tax-free permits for The Chemical Laboratories, Harvard Forest, The Medical Area, and The Cambridge Area.



Alcohol Usage Procedures: Alcohol must be stored in locked cabinets. Only one or two individuals in each area can be authorized to dispense alcohol. Records must be kept by authorized dispensers and contain the following documentation:

- the amount and date of each shipment,
- the names of persons requisitioning alcohol,
- the amount of alcohol dispensed, and
- the results of the monthly tabulation (the quantity of alcohol on hand at the beginning of the month plus any shipments received minus the alcohol used is the physical balance on hand at the end of the month).

At the end of each month a physical inventory must be taken and compared with the recorded balance. Any loss or gain must be noted and the results converted to "proof" gallons. Strategic Procurement coordinates the monthly reconciliation for alcohol purchased under the Cambridge area permit only (excluding the Chemical Laboratories).

Tax-Free Alcohol Annual Survey. In January of each year, Strategic Procurement surveys annual alcohol usage by each of the tax-free permit areas. Strategic Procurement sends forms from the TTB to the authorized dispensers in each area. Each area must record the monthly data described above for the previous year on the form and return it to Strategic Procurement. These records must be available for inspection at any time by the Bureau of TTB.

CUSTOMS BROKERAGE INFORMATION

A customs broker is experienced in tariff and customs laws, rules and regulations for the clearance of imported or exported goods or merchandise from *customs* authority, preparation of import or export documents including computation and payment of duties, taxes and other charges accruing thereon. Only Harvard's customs broker has the Power of Attorney which allows them to act on behalf of the University to expedite deliveries both into and out of the United States. There may be additional fees and regulations when importing or exporting something to the United States.

If you intend to purchase goods abroad which require entry at our ports, it is strongly advised that you contact our customs broker PRIOR to your purchase in order to facilitate the transaction. Likewise, if you are shipping goods abroad, we recommend that you contact Harvard's custom's broker at the outset.

The customs broker for Harvard University is [listed here](#) and below:

- E. Sidney Stockwell Co., Inc.
607 North Avenue



Building 16 2nd Floor
Wakefield, MA 01880

- Tom Auffrey, customs agent
(339) 203-4276
tom@esstockwell.com

SECTION VII: FEDERAL PROCUREMENT REQUIREMENTS

OVERVIEW OF FEDERAL PROCUREMENT REQUIREMENTS

Harvard University receives significant funding from Federal sources and is required to comply with the Uniform Guidance (UG) regulations for purchases with these funds. These purchases are reviewed for compliance with the Federal Acquisition Regulation (FAR) and the [Uniform Guidance \(UG\)](#). Departments are required to retain back-up documentation, such as bids, quotes, and cost/price analyses on file for Federal auditors.

Required documentation for Federally funded purchases can include purchase orders, invoices, copies of competitive quotes or proposals, justification for sole source selection, debarment certification and cost/price analysis. Typically, these documentation requirements can be met by completing the [Vendor Justification Form](#) and by retaining copies of quotes and proposals in department files. **The Vendor Justification Form must be used for documenting all purchase orders over \$10,000 made with Federal funds.** If however, at the time of purchase, the shipping cost is unknown and the purchase price is \$10,000 or less, a Vendor Justification Form is not required. Section A and Section B of the Vendor Justification Form cover vendor selection justification. Section C covers cost/price analysis requirements.

Any questions concerning Federal procurement regulations should be directed to [Roseann Luongo](#) in the Office for Sponsored Programs.

PURCHASING WITH FEDERAL FUNDS

A buyer making purchases with federal funds, cost-share funds, or expenses to be transferred onto federal funds is required to adhere to the [Federal Acquisition Regulation \(FAR\)](#) and [Uniform Guidance \(UG\)](#). All federal awards are in the Fund range 100000 to 199999. *The below requirements are both for federal funds classified as grants or contracts.*

Micro Purchases: Purchases \leq \$10,000



For purchases with a total value of \$10,000 or less, University personnel may use their discretion to select a responsible supplier to purchase goods or services, as long as the good or service is not on the list of Special Purchases. In cases of special purchases, more restrictive or controlled processes apply.

Small Purchases: Purchases > \$10,000 - \$250,000

For purchases greater than \$10,000 through \$250,000, if a Harvard Preferred Vendor that complies with Uniform Guidance is not available or not selected, the purchaser must obtain at least two quotes (three or more is best practice) from qualified suppliers.

Purchases over \$10,000 using federal funds, cost-share funds or expenses journaled onto federal funds require documentation to support the selection of a vendor. Schools must complete the HCOM electronic VJF for federal purchases over \$10,000. Purchases with cost-share funds or expenses journaled onto federal funds must meet the VJF criteria. Since the HCOM Electronic VJF is activated only when federal funds are used, approvers should review the documentation for completeness prior to approving requisitions or payments in HCOM.

Purchases > \$250,000 - \$699,999.99

A formal bid process with written quotes is required for federal purchases greater than \$250,000. Quotes must follow competitive proposal guidelines (or sealed bids if construction). A competitive bid proposal requires a formal Request for Quote (RFQ) or Request for Proposal (RFP) be publically advertised. Contact your local Finance or Procurement Office or Strategic Procurement for additional guidance.

Purchases ≥\$700,000+ (\$1.5M for construction)

In addition to following the above requirements, for a federally funded contract over \$700K (or \$1,500,000 for construction of public facilities), a purchaser must develop a Small Business Subcontracting Plan (for minority vending goals) if required by proposal instructions, and complete Individual Subcontractor Reports (ISR) & Summary Subcontract Reports (SSR) required by the terms and conditions of the contract. Contact your local Finance or Procurement Office or Strategic Procurement for additional guidance.

For more information, see [Appendix](#) for Summary of Purchasing Procedures for Standard Purchases.

Vendor Justification/Price Verification Form

The information requested within [Appendix C: VJF](#) meets the supporting documentation requirements around justification for the selection of a vendor.

At the discretion of the school or unit, a paper VJF may also be used as a tool to help guide the purchaser regarding the vendor review and selection requirements and processes. In all cases, supporting documentation such as copies of bids or quotes and cost or price analysis must be kept on file by the department (See [RMS website](#) for further instructions on document retention).



A **subcontract** formally negotiated through and signed by the Office for Sponsored Programs – University Area or the Office of Research Administration or Sponsored Program Administration in the Longwood Medical Area – does not require a VJF since the contract’s scope of work and terms should adequately reflect vendor selection justification and contain Debarment Language. In cases of formal OSP subcontracts, the HCOM preparer would select “sole source” for justification and note in the justification explanation that it is a formally negotiated and signed OSP subcontract.

Using the Vendor Justification Form: Instructions for completing the VJF are on the form itself. To summarize:

- Record competitive bids on Section A.
- Record selected or sole source justification on Section B.
- Check cost/price analysis options on Section C.

Justification for vendor selection may include:

1. Justification for selected source or sole source purchases, and
2. Evidence of prudence and reasonableness for the price of the purchase, based on at least one of the following:
 - a. Price analysis – review of overall price proposed and evaluation if it is fair and reasonable,
 - b. Cost analysis – examine the individual cost elements and determine if they are fair and reasonable,
 - c. The vendor/contractor has stated that the quoted prices are no greater than those charged to the vendor/contractor’s most favored customer.
 - d. The prices compare favorably to previous prices paid for the same or similar items or services
 - e. The price was obtained from a current catalogue or standard printed price list.
 - f. The prices compare favorably to Harvard in-house estimates (e.g. Harvard University Information Technology (HUIT), Campus Services, etc.) for similar items

- The VJF must be completed for purchases of greater than \$10,000 made with federal or cost-share funds of expenses transferred onto federal awards. This regulation applies to funding from all federal contracting and granting agencies.
- The completed VJF must be kept on file (electronically for HCOM orders) for general audit purposes.
- Do not send your VJFs to Strategic Procurement.
- The \$10,000 requirement refers to the total of the purchase order, not price per item.
- Freight costs are considered part of the purchase price and must be included in the total cost of the item(s), even if these costs increase the purchase order to \$10,000 or over.
- The VJF should be signed by an individual with knowledge of the vendor selection process and rationale.
- Interdepartmental billings do not require a VJF.
- If you are making progress payments greater than or equal to \$10,000, the progress payments are addressed by the original VJF.
- The \$10,000 requirement applies to any and all purchases of goods or services, regardless of the form of payment. It includes invoiced transactions, PCard transactions, and reimbursements.



- If the scope of a grant or contract requires an individual to spend time outside the U.S. and goods and/or services are purchased abroad, it is still necessary to abide by federal procurement regulations as outlined in the VJF.
- The VJF is not required for sub-agreement transactions when Harvard is the prime grantee institution. Any required supporting documentation should be held by the sponsoring institution.
- Users of the Harvard Crimson Online Marketplace (HCOM) may complete the VJF online. In these cases, there is no need to retain a paper copy.

Formal Bid Process

Competitive Bid or Competitive Proposal: Used for purchases over \$250,000 made with Federal funds. Requires advertising, includes a written method for conducting the technical evaluation, responses must be solicited from two or more sources, the award is fixed-price or cost-reimbursement contracts. The contract should be awarded to the responsible firm whose proposal is most advantageous to the program, with price being one of the various factors.

Current Competitive Bid information for federal purchases greater than \$250,000 will be publically advertised on [Harvard's external Procurement website](#). Suppliers will be able to access a link from the website that will take them to a Bid Board that will include information on the bid type and contact information in order to request a copy of the bid.

Strategic Procurement will be responsible for maintaining and posting the Bid Board to the external Harvard Procurement website. TUBs/Departments will be responsible for notifying Strategic Procurement of all bids that need to be posted and for providing the information necessary to populate the Bid Board. Please note public posting of the bids is in addition to sending the bid directly to the specific suppliers selected to participate in the bid.

Bid posting requests should be sent to Procurement@harvard.edu

Non-Competitive Proposal or Bid (also known as Single Source): Used when choosing a specific company and bypassing the competition. One or more of the following must apply: 1) public emergency procurement will not permit a delay in competitive solicitation, 2) After solicitation of a number of sources, competition is determined inadequate, 3) awarding agency or pass-through expressly authorizes noncompetitive proposals (must be documented), or 4) continuity of existing research/work.

Cost/Price Analysis for Contracts

Harvard University also requires documentation verifying that the purchase price is **fair and reasonable**. The buyer must provide documentation of cost/price analysis for **all non-competitive** purchase orders greater than \$10,000. Documentation can be based on the price of previous and similar purchases, current price lists, catalogues, advertisements, and negotiated pricing agreements (including vendor partnerships). Section C of the Vendor Justification Form lists cost/price analysis options. The buyer should check all that apply.

Receiving for Purchases with Federal Funds



According to University policy, receipts of \$75 or more must be retained. Receipts under \$75 may be required based on sponsored requirements. Please refer to the terms and conditions of your award to determine the documentation you are required to retain. For additional guidance please refer to the [Sponsored Expenditure Guidelines](#) for more information.

SUBCONTRACTING PLANS FOR SMALL AND SMALL DISADVANTAGED BUSINESSES

1. The Small Business Subcontracting Plan

The Federal Acquisition Regulation ([52.219-9](#)) requires a Small Business Subcontracting Plan (the “Subcontracting Plan”) for each federally funded contract that is expected to exceed \$700,000, unless other arrangements are made during contract award. When these plans are required, contractors, such as Harvard, **agree to purchase a percentage of the supplies and services required for the performance of the contract from small and diverse businesses**. Some Federal agencies set specific goals. Most rely on the contractor to make a "good faith effort." The Subcontracting Plan specifies:

- which items / commodities will be purchased from small and minority businesses,
- the total dollars to be spent each with small and minority businesses, and
- the percentage of total dollars budgeted for supplies and services that these purchases represent.

When required, the Subcontracting Plan is submitted by the Principal Investigator with his/her research proposal and budget or at the award stage. Once the award has been made, the Subcontracting Plan becomes part of the contract and the Principal Investigator is expected to meet the goals set in the Plan.

2. Principal Investigators, contract administrators, and buyers should be familiar with the Definitions of Small, Small Disadvantaged, and Women-Owned Businesses.

A Small Business:

generally has fewer than 500 employees including affiliates, is independently owned and operated, and is not dominant in its field of operation.

A Small Disadvantaged Business:



is a small business concern which is at least 51% owned, managed, and operated on a daily basis by a member of a definable minority group. Definable minority groups include African Americans, Hispanic Americans, Asian Americans, Native Americans, Native Hawaiians, Inuit, and Asian-Pacific Americans.

A Women-Owned Business:

is a small business concern which is at least 51% owned, managed, and operated on a daily basis by a woman / women who is a United States citizen. Women-Owned businesses are not considered disadvantaged, unless owned by a woman who is also a member of a definable minority group.

3. Preparing a Subcontracting Plan

The Office for Sponsored Programs notifies the Principal Investigator when a plan is required and whether or not the contracting agency has set specific goals. In either case, the plan must set separate goals for small and small disadvantaged businesses. Strategic Procurement is available to assist the Primary Investigator with the identification of vendors that meet specific minority, women owned, small business or other requirements.

4. The Subcontracting Plan Form

Once subcontracting opportunities have been identified and dollars and percentage goals calculated, this information is entered on a Subcontracting Plan form. Some contracting agencies provide these forms. The National Institute of Health (NIH), for instance, will not accept a subcontracting plan that is not on an NIH form. However, most agencies are flexible as long as the required information is included. The General Services Administration ("GSA") provides a [Subcontracting Plan Model Template](#) on its website that is generally accepted by federal contracting agencies. The completed Subcontracting Plan must be signed by the individual submitting it and sent to the contracting agency for approval.

5. Subcontracting Plan Reporting – Individual Subcontracting Report (ISR) and Summary Subcontracting Report (SSR)

The contracting agency requires the Principal Investigator to complete online semi-annual ISR and annual SSR reporting charting his/her progress in meeting subcontracting goals. The Office of Sponsored Programs, along with Strategic Procurement, coordinates the reporting with the Principal Investigator(s), and PI's grant administrator. Buyers should be alerted to subcontracting goals and should identify small and minority businesses at the start of the contract since it is difficult to meet goals after the money has been spent. Failure to demonstrate a "good faith effort" can result in the prime contractor being assessed liquidated damages. The completed form must indicate the name of the administrator of the plan.



6. EPA Grant/Cooperative Agreement Requirements - [Form 5700-52A](#)

University recipients of EPA grants and cooperative agreements are required to set a Fair Share goal. The Principal Investigator must report his progress annually to the EPA on Form 5700-52A. This form is available from the EPA and can be copied. [Form 5700-52A](#)

Regardless of the dollar value of a project awarded a Grant, the Federal State Revolving Fund (SRF) Grant Program requires that any prime contracts or subcontracts for services, construction, goods, or equipment procured by a Grantee to implement the project funded from the Grant must contain the applicable Federal Fair Share Minority and Women-Owned Business Enterprises (M / WBE) Utilization Goals.

Strategic Procurement is available to assist the Principal Investigator with the identification of vendors that meet specific minority, women owned, small business or other requirements.

DEBARMENT

Debarment occurs when a vendor is prohibited from doing business with the Federal government. A vendor is debarred for serious criminal offenses such as embezzlement, theft, forgery, bribery, and other offenses indicating a lack of business integrity. Depending on the specific cause, the length of the debarment can be anywhere from three years to indefinitely.

Purchases Under \$25,000

- Verification of debarment status for vendors receiving purchase orders or commitments under \$25,000 should be performed by the schools and/or departments via [System for Award Management](#) (SAM). Download and save a pdf showing no active exclusions and attach it to the HCOM order, or with local files.

If the schools and/or departments do not check vendor debarment status for federal purchases under \$25,000 prior to purchase, they will be responsible for the timely removal from federal awards of any charges from vendors identified as debarred during Harvard's annual debarment review process. This provision requires journaling corrected transactions to the school and/or department's own unrestricted funds. **The Office of Sponsored Programs does not absorb these charges.**

Purchases of \$25,000 or more

Obtain written certification from vendors prior to making a financial **commitment for purchases of \$25,000 or more made with Federal, cost-share or expenses journaled on to federal awards**, that they have not been debarred (prohibited) from doing business with the Federal Government. A prime contractor such as Harvard, who knowingly does business with a debarred vendor, risks having Federal contracts terminated.



Although the General Services Administration maintains the [System for Award Management](#) (SAM) identifying debarred vendors, it is not sufficient for purchasers to reference this list as a means of certifying that a vendor is not debarred. A written certification must be obtained from the vendor for purchases of \$25,000 or more.

Certification Requirements

The buyer making the purchase is required to obtain a signed [Debarment Certification Form](#) from the vendor **prior** to making a purchase commitment. Typically, this is done at the time a commitment is made, a contract is signed, or as part of a quotation process or immediately prior to placing the order. The vendor can email, mail, or fax the completed form to the buyer. The signed debarment certification form must be uploaded into HCOM. Both the Debarment Certification and VJF back-up documentation must be retained for audit purposes. If progress payments greater than or equal to \$25,000 will be made, all progress payments are addressed by the original Debarment Form.

Contracts and Debarment Language

Formal contracts between Harvard and the vendor contract should contain the Debarment Language. If the contract contains debarment language, a debarment certificate is not required for that specific contract.

A subcontract formally negotiated through and signed by the Office for Sponsored Programs – University Area or the Office of Research Administration or Sponsored Program Administration in the Longwood Medical Area – does not require a VJF since the contract's scope of work and terms should adequately reflect vendor selection justification and contain Debarment Language.

Vendor Review

To ensure no federal purchases were made from debarred vendors, Strategic Procurement Department engages a third-party service provider to conduct a retroactive annual review of Harvard's active vendor files.



APPENDIX

Summary of Purchasing Procedures for Standard Purchases (Excluding Special Purchases – see [Section VI](#))

Schools or Units may have more restrictive requirements, contact your Finance Office for guidance.

Threshold ^(a)	REQUIRED for Federal Funds (100000-199999) Cost-Share Funds or Expenses Journalled onto Federal Funds	BEST PRACTICE for Non-Federal Funds (all other funds)
\$0-\$10,000 Micro Purchase Threshold (MPT)	<ul style="list-style-type: none"> University recognized Preferred Vendors are encouraged Schools are responsible for timely removal of expenses from federal awards if a supplier is identified as debarred (cost-share funding also applies). Download and save a pdf showing no active exclusions from the System for Award Management (SAM) Purchases should be distributed equitably among qualified suppliers to the extent practical No self-approval is allowed on federal funds 	<ul style="list-style-type: none"> University recognized Preferred Vendors are encouraged Purchases should be distributed equitably among qualified suppliers to the extent practical Self-approval for purchase up to \$2,499.99 is allowed, but not recommended
>\$10,000-\$250,000 Small Purchase Simplified Acquisition Threshold (SAT)	<ul style="list-style-type: none"> University recognized Preferred Vendors are encouraged Electronic VJF must be completed in HCOM (paper VJF may be completed at the school's discretion), <ul style="list-style-type: none"> Non-Preferred Vendors require a minimum of 2 but recommend 3 written quotes (email is allowable) Back-up documentation regarding vendor selection justification, (quotes, explanation around sole source vendors etc.) must be kept on file Purchases should be distributed equitably among qualified suppliers to the extent practical For purchases ≥ \$25,000: before Harvard makes a purchase commitment purchaser must obtain a signed Debarment Certification Form or include debarment language in the contract. 	<ul style="list-style-type: none"> University recognized Preferred Vendors are encouraged, OR Should obtain a minimum of 2 but recommend 3 written quotes (email is allowable) Purchases should be distributed equitably among qualified suppliers to the extent practical For purchases ≥ \$25,000: before Harvard makes a purchase commitment purchaser should obtain a signed Debarment Certification Form or have debarment language included in a contract or keep on file a pdf showing no active exclusions from the System for Award Management (SAM).
>\$250,000-\$699,999 ^(b)	<ul style="list-style-type: none"> Same as above, AND Must conduct a formal written bid process, If a competitive bid, vendor selection should be awarded to the bidder whose proposal is most advantageous to the program with price being <u>one</u> 	<ul style="list-style-type: none"> Same as above, AND Should obtain a minimum of 2 but recommend 3 <u>written</u> quotes.



	<ul style="list-style-type: none"> of the factors. Sealed bids must select the vendor that meets the requirements & has the lowest bid • Purchaser must complete sections A & C on the VJF. • Payments ≥ \$250,000 require electronic approval of TUB Financial Dean or Designee and Strategic Procurement 	<ul style="list-style-type: none"> • Payments ≥ \$250,000 require electronic approval of TUB Financial Dean or Designee and Strategic Procurement
≥\$700,000+ (\$1.5M for construction)	<ul style="list-style-type: none"> • Same as above, AND • Purchaser must develop minority vending goals & complete Individual Subcontractor Reports (ISR) & Summary Subcontract Reports (SSR) & submit subcontracting plan if required by RFP 	<ul style="list-style-type: none"> • Same as above

^(a) See [Subrecipient vs Contractor Guidance](#) to determine if a subcontract or vendor/contractor and/or requirements of subcontracts under vendor/contractor contracts.

^(b) See [Section VII](#) regarding requirements for noncompetitive, competitive or sealed bid proposals and processes. Some bid types may require the selection of the lowest bidder, others may not. Contact your local school Finance or Procurement offices for guidance.