

Policy – Purchasing

Issuing Office

Chief Financial Officer

Affected Parties

This Purchasing Policy (Policy) applies to all employees of Liberty University, Inc. (the "University").

Authority

Pursuant to the Procurement, Contract, and Signature Authority Policy ("Procurement Policy"), the President and Chief Financial Officer of the University delegated contracting and procurement administration authority to the Chief Procurement Administrator ("CPA"). The CPA manages the University's Procurement & Payment Services Department ("Procurement") in accordance with the Procurement Policy. The CPA and Procurement are responsible for enforcing this Purchasing Policy "Policy."

Policy Language

The Procurement Policy sets forth authorities, delegations, and thresholds to ensure all contracts and procurement procedures align with the University's mission and reflect responsible stewardship.

This Policy sets forth the standards and instructions to be adopted by the University to implement these authorities.

Goods and services must be acquired using a competitive selection process among potential suppliers to the maximum practical extent subject to quality, price, and performance requirements to safeguard University resources. Good stewardship also requires that the actions to acquire these goods and services follow best business practices, foster transparency, and repeatable processes, and are appropriately documented. The party submitting a requisition in accordance with this Policy (the "Requestor") must substantiate the requirement and purchase in accordance with this Policy.

Guidelines:

No employee of the University is empowered to incur or make another party incur any obligation or make any commitment on behalf of the University for the purchasing of goods or services, verbal or written, except as provided under this Policy or as delegated by the President and/or CFO.

Determination of Needs

The following must be considered when a department needs to purchase a product or service:

1. **Timing:** Departments must consider the level of effort that is required to adequately source and/or purchase a product or service. Planning ahead to incorporate supplier registration, contract review, conditional reviews, purchase processing, and approval lead times is critical in ensuring that needs are met to support the mission. Although emergency and unforeseen circumstances arise, routinely rushing through requisitions and contracts can lead to additional costs, poor-performing suppliers, and risk to the University.
2. **Requirements** should be fully thought out and any resulting contract and/or requisition should represent the entirety of the project scope of work, or product; ill-defined requirements lead to scope creep, operational inefficiencies, and financial risk.
3. **Market Research:** A thorough market research approach is necessary to ensure the broadest possibility for competition and obtaining fair market prices. Sources of information should not be fully reliant only on vendor promotional materials.
4. The extent of market research will vary, depending on such factors as urgency, estimated dollar value,

complexity, and past experience. Market research consists of collecting and analyzing information about capabilities within the market to satisfy a department's need, e.g., previous purchases, BuyLU catalogs, online searches, appropriate technical or scientific journals or business publications, industry engagements, etc.

5. BuyLU Catalogs: Departments should first check to see if a University Catalog has been set up in BuyLU for the product or service needed. The catalogs in BuyLU are set up for routine purchases and can offer a quick and efficient way to find what you need at the best overall value to the University. Best value is not only dictated by price, but also includes, and is not limited to, operational capabilities and efficiencies, quality, past performance, internal resource support, financial stability, ease of ordering, risk to the University, etc. Departments should make every attempt to use suppliers with established catalogs in BuyLU. Catalog purchases, unless the supplier is identified as "Preferred", are limited to \leq \$15,000 unless competitive quotes are attained.
6. Departments should take special note to always ask about discounts, rebates, and warranties. Educational or volume discounts are often overlooked and could lead to missed savings opportunities.
7. Department Collaboration: In developing a needs assessment and procuring goods or services, it is the responsibility of the department to coordinate with other stakeholders for any of the projects involving the below prior to submitting a requisition:
 - a. Access Control.
 - b. Accounting – banking or student refund services and commission or sponsorship payments.
 - c. Auxiliary Services – ATMs, bookstore, laundry services, vending, and dining/catering.
 - d. Campus Logistics --postal services, fulfillment, warehousing, print management, print services, campus recreation.
 - e. Construction – construction and electrical, testing/design services for zoning, building or land improvements, or other project related spend that is funded by Planning and Construction.
 - f. Facilities – building maintenance, vehicle purchases and maintenance, janitorial, waste management, pest control, lawncare, and general landscaping care.
 - g. Financial Aid – financial aid, student refund services, or tuition sponsorships.
 - h. Human Resources – employee data, contracted services (i.e., independent contractor), areas that might involve a conflict of interest.
 - i. Information Technology – software (licensing, renewals, maintenance, subscriptions), network, hardware, creative media, data services, audio/visual equipment, telecom, domain purchases, and cloud services.
 - j. Marketing – use of University intellectual property for sales or promotional purposes, design services that require the use of the University brands, or the sourcing of services to promote the University brand.
 - k. Office of Sponsored Programs – grants or other externally funded projects.
 - l. Real Estate – Candler's Station and other off campus properties; Off-campus leases.
 - m. Risk Management – insurance.
8. University divisions and departments are encouraged to reach out to the Office of Legal Affairs ("Legal Affairs") early in the Procurement process for legal counsel and advice on all innovative and/or complex requirements, but especially for University contracts that involve legal or regulatory

compliance issues.

9. University divisions and departments are also encouraged to reach out to Risk Management early in the process for the Certificate of Insurance ("COI") requirements. Insurance requirements have been established by the University's [Risk Management Department](#). Further questions regarding insurance requirements may be directed to the Director of Risk Management.
10. The above list is not intended to be all-inclusive and a department considering a purchase must consider the impact to other business units. Departments may reach out to Procurement for further guidance.

Supplier Management

1. The University strives to conduct business with the best-qualified suppliers that meet the needs and objectives of the University. It is equally important that Liberty University maintains a trusted and broad supplier base to ensure a competitive environment to facilitate the best prices and performance.
2. The University uses BuyLU Vendor Relationship Manager to vet, approve and manage suppliers. This system allows the University to comply with state and federal statutes and ensure we conduct business with suppliers that maintain the highest standards of conduct and ethics.
3. Departments have a unique role in maintaining this environment through the course of day-to-day business, market research, soliciting for goods and services, and overseeing performance. At the pinnacle of this role, it is imperative to engage with suppliers in a fair and responsible way, safeguarding proprietary and pricing information being of utmost importance.

Bid Solicitation

1. Competition: The University's policy is that the acquisition of goods or services will be by competition between potential suppliers, to the maximum practical extent, subject to the requirements of quality, price and performance. Verification of price reasonableness should be acquired prior to submitting any requisition for approval; the easiest way to determine price reasonableness is through competition. Individuals who request goods and services are responsible for attaining and documenting their efforts related to purchase requests. Note: competition, historically, results in an average savings of 8-17 percent.
2. Sole Source purchases shall follow the [Sole Source Policy](#).
3. Departments may perform bid solicitations on purchases of \$0 - \$100,000 without prior notification to Procurement. If a purchase exceeds \$100,000 then the Department shall notify Procurement of the requirement, the acquisition strategy, and initiate coordination and assistance as appropriate. (enterprisesourcing@liberty.edu) following the Contract Administration Policy.
4. Departments should engage, through a solicitation, with the widest number of capable suppliers that can provide comparable products or services, a minimum of three. When the supplier base is limited, coordinate with Procurement for sourcing assistance. Effective competition is important because it:
 - a. Expands the pool of potential vendors competing for our business, which leads to better pricing and terms.
 - b. Highlights price disparities, product variations, or service differences that might not be apparent in only two bids.
 - c. Reduces the risk associated with having only a single supplier, allowing us to have other options readily available if a supplier fails to meet requirements or goes out of business.
 - d. Allows leverage to negotiate, enticing other suppliers to adjust their pricing or terms to win the award.
 - e. Creates transparency in the Procurement process, allowing LU to demonstrate fairness,

impartiality, and accountability to stakeholders and auditors.

5. Solicitation communications should be clear, consistent for all bidders and documented. At a minimum, solicitation communications should include, but not limited to:
 - a. Department requesting supply or service.
 - b. POC for questions.
 - c. Detailed explanation of the product or services needed. Details should be commensurate with the need and complexity of the requirement.
 - d. Communicate information to the supplier that may influence the award decision, i.e. delivery time of product or service needed, the need for specific experience related to product or service or the intent to make a single or multiple awards of the bid.
 - e. Time and date of when product or services are required.
 - f. Time and date for responses to solicitation. Bid solicitation response time requirements should be based on complexity, availability, and urgency of the requirement and provide a reasonable opportunity for all bidders to respond in a thorough and responsive manner.
6. Departments should communicate the following University standards to suppliers when soliciting for goods and services, when applicable:
 - a. Shipping: product purchases should be delivered Free-on-Board (FOB) Destination. FOB Destination means that the buyer (Liberty University) takes ownership of the goods once the goods arrive at the buyer's location. The risk of loss remains with the supplier until delivery.
 - b. Payment Terms: The University's standard payment terms are check net 45 days from receipt of invoice. However, other payment options are available to suppliers, which include payment via ACH net 40, or net 20 with a 1% discount, or virtual card net 10 days. Goods and/or services must be received by the requestor for an invoice to be valid, unless other contract requirements dictate, i.e., prepayments.
 - c. Invoicing: Requester should make it clear to vendors when soliciting quotes that payments will not be made on invoices that do not include a Purchase Order number.
 - d. Liberty University is a tax-exempt entity.
 - e. Prepayments or partial payments are strongly discouraged and require the approval of Procurement.
 - f. Insurance: [requirements](#) have been established by the University's Risk Management Department. Exceptions or further questions regarding insurance requirements may be directed to the Director of Risk Management.
 - g. Renewals/Options: Discuss term limitations or options to renew for successive terms, if applicable. Long-term arrangements can provide for better pricing but can also limit University flexibility. Be sure to balance cost vs. flexibility. (see [Contract Administration Policy](#))
 - h. Terms exceeding five years require additional approval levels. Flexibility can be gained by a termination for convenience clause and/or options for successive terms of performance.
7. Bid communications should remain confidential and limited to only employees involved in the procurement process. Consider limiting the number of employees communicating with suppliers to ensure consistency and accuracy of information.
8. Supplier pricing and/or proprietary information must not be shared with third parties, including, but not limited to the supplier's competitors, third-party consultants, etc., without the prior written permission of the supplier.

9. Evaluation of bids should be based on the best value to the University, which includes, but is not limited to, pricing, operational capabilities and efficiencies, quality, past performance, internal resource support, financial stability, ease of ordering, and risk to the University.
10. Favoritism, or the appearance of it, should be avoided to ensure the integrity of the procurement process; any information regarding the bid (i.e., changes in product or service requirements, updates on the process, etc.) must be shared with all participating suppliers equally.
11. Any purchase for which an identical purchase was competitively bid within the previous 12 months, and that previous purchase was awarded to the winning, lowest competitive bidder, can avoid re-bidding by reusing that same supplier and pricing, provided it is current. (Up to \$100,000 limit)

Bid Solicitation Thresholds for Goods and Services

BID THRESHOLD	REQUIREMENTS
Up to \$1,000 (Branded Items)	P-Card Purchase – Licensed suppliers. Reconciliation in Infor is required.
Greater than \$1,000 (Branded Items)	BuyLU Purchase – Solicitation from at least three (3) licensed suppliers that can provide comparable products.
Up to \$2,500	P-Card Purchase – Reconciliation is required.
Up to \$15,000	Competitive bids are encouraged, but not required. One written quote must be submitted with the requisition. Procurement must be involved in all sponsored project purchases, i.e., grants, greater than \$10,000 to facilitate compliance with Federal public bidding requirements.
Greater than \$15,000 up to \$50,000	Solicitation from at least three (3) capable suppliers that can provide comparable products or services. Methods of solicitation should be based on the complexity and nature of the goods or services. Competition Bid Matrix required (template available) Procurement must be involved in all sponsored project purchases, i.e., grants, greater than \$10,000 to facilitate compliance with Federal public bidding requirements.
Greater than \$50,000 up to \$100,000	Same as above and requires the use of a “Procurement Approved” template for Request for Quotes (RFQ) or Request for Proposals (RFP). (request to have a Department’s template approved can be made to Procurement) “Procurement Approved” documents are available in the Procurement Library for consistency and ease of use. Procurement is available to assist with RFQs and RFPs, and/or competitive sourcing at any dollar level.
Greater than \$100,000 up to \$250,000	Same as above and Procurement must be notified by email prior to sending a solicitation to prospective suppliers. Email Enterprise Sourcing .
Greater than \$250,000 (Negotiated Proposal or Sealed	Same as above and Procurement must be notified prior to and included in the acquisition strategy, solicitation, and award process; this includes decisions regarding a department’s Sole Source

<p>Bid required)</p>	<p>Justification. Email Enterprise Sourcing.</p> <p>Legal Affairs review and approval of contracts is required for all contracts greater than \$1,000,000.</p> <p>It is expected that a more formal process is required when soliciting goods and services at this threshold.</p> <p><u>Sealed bids:</u></p> <ul style="list-style-type: none"> • Bids are solicited from an “adequate” number of capable suppliers. • Requirements are fully known and described in a statement of work and/or technical drawing or similar document. • The lowest cost and responsible bidder for the fixed-price contract should be awarded the contract. • Bids remain “sealed” until close of solicitation time and date. <p><u>Negotiated proposals:</u></p> <ul style="list-style-type: none"> • Used for either a fixed price or cost reimbursement contract when sealed bids are not appropriate. • RFPs must be solicited from an “adequate” number of capable suppliers. • Clear evaluation criteria must be developed before the solicitation and followed during the award decision process. • Most advantageous bid wins, price and other factors considered – “Best Value.”
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Policy Rationale

A clear, business-minded, and repeatable procurement process reinforces good business practices, increases the efficiency of the procurement process, facilitates best value decisions, and contributes to a healthy supplier base to meet the University’s present and future needs.

Definition of Glossary Terms

Market research means collecting and analyzing information about capabilities within the market to satisfy University needs.

Solicitation means any request to submit offers or quotations to the University. Solicitations can be in the form of "requests for proposals", for more complex requirements, or "request for quotes" for more defined and simple requirements.

Quotation is not an offer and, consequently, cannot be accepted by the University to form a binding contract. Therefore, issuance by the University of a Purchase Order in response to a supplier’s quotation and acceptance by the supplier is required to establish a contract.

Request for Information (RFI) – Used to learn more about a service/product availability in the marketplace or to gather potential suppliers for a statement of objectives, i.e., when you know what you want to achieve but don’t quite know how to articulate it in a statement of work.

Request for Quote (RFQ) – used for clearly identifiable requirements that are not complex in nature.

Request for Proposal (RFP) –used for more complex goods and service solicitations; bid package provides supplier requirements for the products/services being requested, a bid sheet, and includes various questionnaires for evaluating suppliers; often includes Service Level Agreements.

Competition Bid Matrix – standardizes documentation of competition results; shows side by side comparison of bidders.

Unauthorized Commitment - Purchases for goods or services without written delegated authority or without an authorized Purchase Order/Contract in place is an “unauthorized commitment.” (UAC). All UACs must be ratified by Procurement before the University will finalize and pay for the associated goods or services.

Procedures – Purchasing

Purchasing Methods

Purchase Cards This is the preferred method for small dollar, low risk, purchases as outlined in the [Purchasing Card Policy and Procedures](#).

The P-card must not be used to purchase products or services from a supplier where a catalog is already set up in BuyLU unless the purchase is made in person at the point of sale.

E-Procurement: For all other purchases, Departments must make every effort to utilize BuyLU for the purchase of products and services. Departments may access the [BuyLU Information Page](#) for further information regarding BuyLU, training, and support.

Individuals needing access to BuyLU to submit requisitions must successfully complete the required training and submit permission requests through the [ServiceNow Finance Portal](#).

Procurement Notification

Requestors are required to notify Procurement of high dollar purchases as indicated in the table above. suppliers to facilitate Procurement visibility, strategic spending opportunities, and compliance with sound business practices and communication. This visibility allows for an opportunity for Procurement to offer alternatives, inform the requestor when contracts already exist for requirement, or to expand the pool of known suppliers.

1. Send an email to [Enterprise Sourcing](#) with the following information:
 - a. Email Subject: Requested item – Estimated dollar value – Date for Solicitation. Example: "Landscaping for East Campus - \$100,001 – July 10th, 2024"
 - b. Information to include the body of the email.
 - i. Description of request.
 - ii. Estimated dollar amount.
 - iii. Date of solicitation.
 - iv. List of suppliers to receive solicitation.
 - v. Contact information for the requirement and solicitation.
 - c. Enterprise Sourcing email will be monitored by Procurement and the requestor will be contacted by Procurement if necessary. (continue action unless contacted)
 - d. This is not a pre-approval process but intended to expand the opportunity to add value to the Department and University early in the procurement process.
 - e. Requestor must attach the notification email to the requisition when the requisition is submitted.

Supplier Selection and/or Request

Before a requisition can be submitted, an approved Supplier must exist in BuyLU.

1. Approved suppliers will be visible when entering the supplier's name during the requisition creation process.
2. If an approved supplier exists, it is best practice to check a Supplier's Profile to see if a Performance Snapshot exists to reveal any potential concerns.
3. New Suppliers must be requested for creation, vetting and approval. The Request New Supplier link will be available in the BuyLU requisition process. Please obtain a W-9/W-8 and Certificate of

Insurance, as applicable.

Requisition/Purchase Order Process (E-Procurement)

1. Departments must submit purchase order requests to Procurement via a BuyLU requisition.
2. Each requisition can either be completed via a catalog or a non-catalog item request.
3. If a contract is required, a requisition should only be submitted once the contract approval workflow begins and the Contract Administrator notifies the requestor to submit the requisition.
4. The BuyLU system will guide the requestor through the information required to create a requisition.
5. Once submitted, the requisition will follow workflow approvals through BuyLU. Levels of approval are established by the Budget Department in coordination with the departments.
6. After final departmental approvals have been obtained, Procurement will review the requisition for completeness and compliance. Once all requirements have been satisfied, Purchasing Services will issue the purchase order to the supplier. The contract, if applicable, will be attached to the Purchase Order.
7. If a change order is initiated and the scope of services provided by the supplier is changing, the Requestor should confer with Risk Management on potential changes in requirements to the supplier's insurance coverage. If the original order was not competed and the change increases the overall scope to exceed \$15,000, a Sole Source Justification Form will be required.
8. To ensure compliance with the University's branding guidelines, visit the [LU Branding website](#).
9. Suppliers must not be given authorization to start any work or ship any products prior to receiving and confirming the purchase order. This would violate the University Procurement Policy and result in an unauthorized commitment.
10. Procurement will issue the purchase order to the supplier that provides the greatest combination of value and service to the University (best value); this may not be the supplier the requestor chooses. If a change in supplier is recommended/required, Procurement will collaborate with the requestor on making the appropriate updates.

Documentation

Proper documentation of procurement actions is an essential element of internal controls and sound business practices. BuyLU is the system of record for all purchasing and contract files. Remember, a file should be complete so that an independent auditor can understand the procurement decision process. The level of documentation depends on the scope and complexity of the purchase.

When submitting a requisition be sure to attach the following documentation:

1. Solicitation documentation (will depend on scope and complexity of purchase).
2. Email notification of high dollar purchase, when applicable.
3. All bids received (identifying which attachment is the winning bid).
4. University Competition Bid Matrix, when applicable.
5. Evaluation documentation (typically used for RFPs).
6. Sole Source Justification Form, when applicable.
7. Price Analysis Form, when applicable.
8. Substantive supporting documents, emails or notes that help provide context for the decision.
9. When selecting an alternate to the lowest bid, justification must be made in the comments or on

the attached documents.

10. Any associated contracts must be indicated in the Associated Contract Number field on the requisition.

Receiving and Supplier Payment

Receiving

1. When a product(s) or service(s) is physically received or completed, the requestor must indicate the quantity or cost of product(s) or service(s) received or completed by creating a receipt on the purchase order in BuyLU.
2. A supplier's invoice will not be paid without the receiving function being performed in BuyLU. Therefore, it is critical that the requestor complete the receiving function immediately upon receipt of item or completion of service to ensure timely payment to the supplier.

Shipment Issues

If a shipment is incorrect or damaged, the department receiving the goods must keep all documentation that may be required to complete a return or exchange, which would generally include a packing slip. The department should keep all packaging material as well. To complete a return or exchange, the department should:

1. Immediately notify the supplier in writing of the issue. Provide pictures with the documentation if possible. It's helpful to document damage that occurred during transit or prior to handling by the University.
2. Obtain the applicable authorizations and instructions from the supplier.
3. Place the goods in the original packaging or other material as directed by the supplier.
4. Ship the goods back to the supplier.
5. Ensure applicable tracking and authorization numbers are documented for future reference.
6. Unless contractually obligated, avoid receiving any damaged product in BuyLU until an adequate replacement has been shipped and received.

Invoicing and Payment

1. Suppliers must send invoices to Payment Services via email to acctspay@liberty.edu or submit an invoice through the buyLU supplier portal. All invoices must include the purchase order number to be processed and paid. Payments will be made according to the purchase order payment terms.
2. As stipulated above, payment for a product or service will not be made until the product or service has been received in BuyLU, and an invoice has been received by Payment Services. Invoicing instructions are included on each purchase order.

References:

The [Procurement website](#) contains additional resources on how to use [BuyLU](#) for purchasing goods and services.

Sanctions

It is a violation of this Policy and the Procurement Policy to sign, accept (whether orally or in writing), perform or cause to perform, any contract before it is administratively reviewed and approved, and may result in the individual being subject to damages and disciplinary action, including termination of employment.

Exceptions

Subject to the limitations of the Procurement Policy, the Sole Source Policy, and other published University policies, the CPA has the discretion to exempt certain purchases from competition and deviate from this policy when it is in the best interest of the University.

Emergency Purchases

When an emergency condition exists that prevents the use of following this Policy and the normal purchasing process, a department may conduct a purchase on an emergency basis. Emergency purchases may be negotiated on a sole source or limited competition basis as dictated by the circumstances surrounding the emergency.

Determining the Need for an Emergency Purchase:

An emergency condition justifies the use of an emergency purchase where time is of the essence and that condition threatens one or more of the following:

1. The life, health, or safety of any person(s) or animal(s); and/or
2. The critical functioning of the University, or its programs; and/or
3. The preservation or protection of property.

Emergency Purchases do not include:

1. Purchases that need to be rushed because of a failure to plan ahead.
2. End of the fiscal year purchase; or
3. End of a grant/contract.

Authority to Make Emergency Purchases

A division or department of the University may make emergency purchases when an emergency condition arises and the need cannot be met through normal purchasing methods and processes, provided that whenever practicable, approval by the CPA or CFO shall be obtained prior to the purchase. In all cases, a department head or above must approve the emergency purchase for the department. In the event an emergency arises after normal working hours, the department shall notify the CPA or CFO on the next working day. If the CPA or CFO determines that all criteria for an emergency purchase were not met, then the purchase will be considered an unauthorized commitment.

Limits of an Emergency Purchase:

The emergency purchase shall be limited to the purchase of only the types of items and quantities or time sufficient to meet the immediate threat and shall not be used to meet long-term requirements.

Documentation

As soon as practicable, the department shall prepare a written justification, to be approved by the CPA, that sets forth the justification for the emergency purchase. The justification shall include the following:

1. The basis for the emergency purchases including the date the emergency first became known.
2. A listing of the Goods and/or Services procured.
3. A description of the efforts made to ensure that proposals or offers were received from as many potential suppliers as possible under the circumstances.
4. And the basis for the selection of the supplier

Requisition

Requisitions for emergency purchases shall be submitted in BuyLU as soon as practicable after the transaction. All documentation related to the emergency purchase should be included as supporting

documentation. Whenever possible a supplier written quote for the supply or service is preferable. Verbal quotes shall be fully documented with date, time, supplier, contact information and description of the call.

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6/24/2024

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