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Status Final

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Policy Type [University](#)

Contact Office [Procurement and Supplier Diversity Services](#)

Oversight Executive

Vice President and Chief Financial Officer

Applies To Academic Division and the College at Wise.

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Reason for Policy

This policy establishes the University's standards for official purchases. The University is committed to sound fiscal stewardship and compliance with the "[Rules Governing Procurement of Goods, Services, Insurance, and Construction by a Public Institution of Higher Education of the Commonwealth of Virginia](#)." The University's guiding principles and code of ethics for procurement are established in the [Commonwealth of Virginia Purchasing Manual for Institutions of Higher Education and their Vendors](#).

Definition of Terms

Contract

Description

Any agreement between the University and one or more parties for performing, or refraining from performing, some specified act(s) in exchange for a valuable benefit known legally as "consideration."

Goods

Description Tangible property for sale, lease, or rental (i.e., merchandise, commodity, etc.).

Official Purchase

Description

All purchases of goods, services, and travel expenses made with University funds which are necessary, reasonable, and directly related to the goals and mission of the University.

Purchase Requisition

Description

The procedural method by which University departments may request the purchase of Goods and/or Services that require processing by Procurement and Supplier Diversity Services (PSDS). Purchase requisitions are generally used for situations including, but not limited to: high dollar value purchases; vendor documents requiring University signature; or restricted goods and/or services where a purchase order is not automatically created by the University department.

Vendor

Description Any entity that supplies goods or services.

Service

Description

An activity in which labor is the major factor and not merely incidental to the production, acquisition, and/or delivery of a good.

Policy Statement

To obtain high quality goods and services at a reasonable price, the University's procurement policy is to seek competition to the maximum feasible degree and conduct all purchases in an open, fair, and impartial manner with administrative efficiency. The University recognizes the benefit gained in terms of administrative time and pricing when University-wide contracts are utilized for commonly procured goods and strongly encourages the use of such strategically-sourced contracts. University resources may be used for official purchases only.

As specified in the [Buying and Paying Basics](#), some purchases may be made directly by departments, but many must be processed by Procurement and Supplier Diversity Services (PSDS) due to the dollar value (see [Guidelines for Competition](#) for current limits) or the nature of the goods and/or services being purchased (see [Goods and Services Procurement Guide](#) for the current list of restricted goods and services). In addition, all contracts for the purchase of goods and/or services requiring institutional signature must be processed by PSDS; this requirement applies whether or not payment is required by the University. Purchases requiring PSDS processing are to be submitted via a Purchase Requisition in the Integrated System.

1. Execution of Contracts:

Only authorized signatories named by the Board of Visitors, and those to whom signatory authority has been delegated in writing by authorized officers, can legally bind the University in a contract (see [BOV-014: Signatory Authority](#) and [FIN-036: Signatory Authority for Executing University Contracts](#) for details). All contracts for the purchase of goods and services should be directed to PSDS who will determine the appropriate signatory authority.

2. Lease Versus Purchase:

When procuring goods, unit financial personnel should perform an analysis regarding cost effectiveness of leasing vs. purchasing. In general, the purchase of goods should be the most cost-effective option for the University and, if applicable, the external sponsor of research, scholarship, or other activities. However,

there may be instances where the required items are only available on a lease and/or lease/purchase basis.

The lease or rental rate should take into consideration the:

- Rental cost of comparable goods, if any.
- Market conditions in the area.
- Type, life expectancy, condition, and value of the goods to be leased.
- Alternatives available.
- Other provisions of the agreement (e.g., insurance and maintenance).

Documentation of this analysis must be maintained by the unit for potential audit purposes (see Related Information for references related specific to federal funding).

For vendor-financed leases, both the Office of University Counsel and the Office of Financial Planning and Analysis review and approve all lease agreements.

3. **Restrictions on Reimbursements:**

To facilitate compliance with U.S. Internal Revenue Service regulations, the University will not issue reimbursements to employees for payments made by an individual to individuals or sole proprietorships for services unless the payment was made during foreign travel.

4. **Compliance with Policy:**

If an individual University employee executes a contract without appropriate authority, he or she may be held personally liable for its terms and conditions. In addition, failure to comply with requirements of this policy and/or associated procedures may result in disciplinary action up to and including termination or expulsion in accordance with relevant University policies.

Questions about this policy should be directed to [Procurement and Supplier Diversity Services](#).

Related Information

[FIN-036: Signatory Authority for Executing University Contracts](#)

[IRM-008: University Information Technology Accessibility](#)

[BOV-014: Signatory Authority](#)

[Buying and Paying Basics](#)

[Guidelines for Competition](#)

[Goods and Services Procurement Guide](#)

[Note: Restricted Goods and Services are those for which the only acceptable method of purchase/payment identified in the Goods and Services Procurement Guide is that they be processed by PSDS via a Purchase Requisition/Purchase Order. There is no dollar threshold on restricted goods or services.]

Major Category [Finance and Business Operations](#)

Next Scheduled Review Monday, March 31, 2025

Revision History

Confirmed 3/31/22; Removed Procedures/updated links 8/31/20; Added Section 2 on 10/11/17; Updated 8/2/17, 7/3/17.

Supersedes Policy Text

VII.C.1: Purchases of Goods and Services from Outside Vendors; VII.C.2: Types of Purchases which Require Special Processing; VIII.A.7: Lease vs Purchase.

Approved By Policy Review Committee

Approved Date Friday, February 10, 2017