FIN-030 Purchases of Goods and Services

Effective Date Friday, February 10, 2017

Status Final

Last Revised Monday, January 12, 2026

Policy Type University

Contact Office Procurement 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

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 Services. 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.

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.

Contract

Description

Any agreement between the University and one or more external parties for performing, or refraining from performing, some specified act(s) in exchange for a valuable benefit known legally as “consideration.” Agreements meeting this definition may be referred to by other terms (e.g., memoranda of understanding, statements of work, non-disclosure agreements, academic program agreements).

Departmental Contract Administrator

Description

The University liaison in the school/department/ unit responsible for initiating and managing a supplier contract.

Mission-Essential Supplier

Description

A supplier whose failure to perform would materially disrupt safety services, patient care, critical infrastructure, preservation of core research, or delivery of academic programming.

Supplier

Description

Any entity that provides goods or services. (Also referred to as a vendor.) For credit card transactions, commonly referred to as a merchant.

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.

Some purchases may be made directly by schools/departments/units as specified in the Procure Goods & Services, some purchases may be made directly by departments, but many must be processed by Procurement Services 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 & Services 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 Procurement Services; this requirement applies whether or not payment is required by the University. Purchases requiring Procurement Services processing are to be submitted via a Purchase Requisition in the University finance 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). Schools/departments/units are to direct all contracts for the purchase of goods and services to Procurement Services who determines the appropriate signatory authority.

2. **Supplier Risk Management:**
   Third-party supplier relationships and contracts are subject to risk-based assessment and monitoring to protect University assets, safeguard reputation, and strengthen operational resilience. Procurement Services, central functional offices, and departmental contract administrators are responsible for determining that suppliers meet University risk standards and contractual requirements. Supplier contracts must include safeguards appropriate to the level of risk, consistent with University requirements. Supplier management responsibilities apply to all University schools/departments/units involved in establishing, managing, or overseeing supplier relationships for the entirety of the supplier lifecycle.

   For purposes of continuity of operations, mission-essential suppliers require additional review and coordination.

3. **Lease Versus Purchase:**
   When procuring goods, school/department/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 should be maintained by the unit for potential audit purposes (see Related Information for references related specific to federal funding).

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

4. **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.

5. **Compliance with Policy:**
   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.

   If an individual without delegated authority signs a contract on behalf of the University, the University may declare the contract void, and the unauthorized individual may be held personally liable for the payment and performance of the contract.

   Direct questions about this policy to Procurement Services.

Related Information

FIN-036: Signatory Authority for Executing University Contracts
IRM-008: University Information Technology Accessibility
BOV-014: Signatory Authority

Procure Goods & Services
Guidelines for Competition
Goods & Services 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 Procurement Services 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 Friday, January 12, 2029

Revision History

Added Section 2 1/12/26; Confirmed 9/2/25, 3/31/22; Removed Procedures/updated links 8/31/20; Added Section 2 on 10/11/17; Updated 8/2/17, 7/3/17.

Supercedes 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