

## Executive Board

# (Systemwide Senate Review) Proposed Revisions to Presidential 1 Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management

## Table of Contents

<b>Exec SC-DH-BUS-43-purchase-of-goods-and-services-supply-chain-management</b>	1
---All Senate Comments BUS 43	4
<b>Exec Divisional Response - EB re Rev BFB-BUS-43_2023 April 19</b>	36
<b>Exec 2023_01_27_Presidential_Policy_Systemwide_Review_Cover_Letter</b>	37
<b>Exec 2023-01-27-BUS-43_Final_Draft_Tracked_Changes</b>	40
<b>Exec 2023-01-27-BUS-43_Final_Draft_Clean_Copy</b>	151
---BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management	151



*Susan Cochran*  
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*Chair of the Assembly of the Academic Senate*  
*Faculty Representative to the Regents*  
*University of California*  
*1111 Franklin Street, 12th Floor*  
*Oakland, California 94607-5200*

May 2, 2023

**DOUGLAS HAYNES, VICE PROVOST**  
**ACADEMIC PERSONNEL & PROGRAMS**

**Re: Systemwide Review of Revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management**

Dear Vice Provost Haynes:

As requested, I distributed for systemwide Senate review the proposed revisions to Presidential Policy BFB-BUS-43 (Purchases of Goods and Services; Supply Chain Management). Nine Academic Senate divisions submitted comments. These comments were discussed at Academic Council's April 26 meeting and are attached for your reference.

While we support the values motivating the Small Business First policy, we remain unable to support it in its current form given numerous questions and concerns from faculty about its purpose and consequences, including concerns that the program will increase costs for the University and individual faculty and will add to the bureaucratic burden of faculty and staff.

In 2021, the Senate reviewed an earlier version of this policy that first introduced the Small Business First program requiring UC to award all procurements valued between \$10,000 and \$250,000 to small businesses or disabled veteran-owned businesses where practicable. The Senate expressed strong concerns then about potential delays in time-sensitive procurements necessary for faculty research, increased costs of services and equipment, new administrative burdens, and limitations on the products and services small businesses could provide in specialized research areas. The Academic Council asked that the next version of the policy include a cost-benefit analysis with data projecting the number of UC purchases affected by the policy, and its impact on costs, procurement timelines, and research. Additionally, Council asked for easy and quick exceptions to the policy for faculty who need to purchase technical materials from specific sources.

UC Procurement officials joined Council in spring 2021 to discuss the concerns and assured faculty that exemptions and waivers would be granted liberally. They also agreed to develop a

summary sheet of resources and campus contacts to help support campus faculty with questions about the policy or wanting to request a waiver.

The current revisions come with a cover memo indicating that the revisions aim to address feedback from the 2021 systemwide review by eliminating inconsistencies, formatting errors, and unnecessary jargon, and by separating aspects of policy from procedure.

Senate reviewers found that the current version of the policy meets some of these goals and improves the clarity of the language, although they also identified several instances where the document remains complex and difficult to understand and where the new edits include a few ill-defined terms and contradictions. However, the primary concern of the Senate is that the substantive matters raised in 2021 were deemed out of the scope of the revision, leaving the core of the policy essentially unchanged. This raises questions about the prior policy review process and subsequent editing decisions made in response to the 2021 Senate feedback.

By requiring principal investigators to file additional paperwork to justify their purchases when a local supplier is not used, the policy affects the overall efficiency of the purchasing process. It also encourages business decisions by outside vendors that might take advantage of the UC. Faculty and staff will spend additional time waiting for a part or service from a small business that might otherwise have been obtained more quickly and/or additional effort to prepare a waiver application to demonstrate that it is not possible to buy necessary items from a small business.

UC should support small California businesses and encourage purchasing from them, but not at the expense of increasing workload and costs that impede faculty research progress. Faculty face challenges in advancing their research, teaching, and service because of a growing number of bureaucratic systems, policies, and compliance requirements that require more of their time and labor and contribute to fatigue and disengagement. While faculty are, of course, happy to follow reasonable, thoughtful, and efficient policies, more care must be taken to mitigate excessive and unnecessary bureaucracy. The latter also increases the workload for faculty-facing staff.

We encourage the most lenient possible implementation of this policy for faculty. We recommend that all research expenditures be exempt from its requirements and encourage campuses to use waivers judiciously and issue blanket waivers for certain groups or across certain cost thresholds. To minimize disruptions to research, UC campuses will need additional funding to bolster the support infrastructure, training to help faculty and staff navigate the complex policies and procedures, and reliable lists of small business suppliers. We also reiterate our request for the faculty information and resources promised in response to feedback from the 2021 review.

More generally, we encourage administrators to be sensitive to how new internal UC policies may impose unfunded mandates on campuses and burden faculty and staff with unnecessary compliance and regulatory requirements. Systemwide policies that impact budgetary and resource decisions should always include a cost analysis to enable stakeholders to comment on their campus effects. We understand that UCOP plans to add a new requirement that all policy proposals include an analysis of financial and staffing impact. We strongly encourage such a requirement for this and all future policies.

We appreciate the opportunity to comment and would welcome a chance to meet with the policy owners to discuss these issues further at a future Academic Council meeting. Please do not hesitate to contact me if you have additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Susan Cochran', with a stylized flourish at the end.

Susan Cochran, Chair  
Academic Council

Cc: Academic Council  
Campus Senate Executive Directors  
Executive Director Lin

Encl.



April 20, 2023

SUSAN COCHRAN  
Chair, Academic Council

*Subject: Systemwide Review of Proposed Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management*

Dear Chair Cochran:

On April 3, 2023, the Council of the Berkeley Division (DIVCO) discussed the proposed revisions to the *Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management*, informed by written comments from the Committees on Academic Planning and Resource Allocation (CAPRA) and Research (COR), which DIVCO endorsed in full.

We understand that this round of revisions is a response to the previous systemwide review in 2021 and that it attempts to provide more clarity on what the policy does and does not allow, to address inconsistencies and formatting errors, and separate aspects of policy from procedures. There are a few places where formatting and editing could still use improvement; for details, please refer to the CAPRA letter.

Both CAPRA and DIVCO were chagrined that the revised policy does not reflect any response to the comment the Berkeley Division made in 2021 about the proposed requirement that all purchases of a value of between \$10,000 and \$250,000 must first be bid with a certified small business or disabled veteran business. While expressing support in principle for preferential treatment for small business, DIVCO members observed both that the university's purchasing policies place an inordinate burden on researchers who may need to procure hard-to-find items quickly and on vendors and that the requirements for vendors (e.g. regarding insurance for individual vendors performing work such as translation or indexing) throw up considerable barriers for small businesses. Some DIVCO members argued that those barriers should be removed, which would not only benefit small businesses but also allow for a wider array of procurement options on campus. For example, a faculty shared that when they needed a particular product for their research and only a few large companies create that item, it can be very difficult to find a "certified small business" that creates that rare item, which can lead to delays and wasted time. We suggest that the policy be revised to allow purchasers the discretion to select a vendor if a product is not produced by small business vendors.

Some DIVCO members also observed that the effort to remove the words “should” and “should not” from the draft policy seemed to have resulted in a global search/replace operation that inserted the word “must” in some contexts for which it is inappropriate. In a number of passages, the result is to obscure the distinction between recommended best practices and absolute requirements, since both are described using the word “must.” One glaring example appears in Part 6 (D), paragraph 6: “Improper use of a procurement card by an employee may be grounds for disciplinary action and must result in cancellation of the individual's card.” The word “must” is unnecessarily strong here, implying that in this situation there is no other option than to cancel an improperly used card--whereas it seems to us that there could be mitigating circumstances that would justify not cancelling the card. (This contrasts with the use of “must” earlier in the paragraph requiring that any suspected misuse be referred to the appropriate campus authority.) Using “must” indiscriminately for all requirements ignores the fact that, in the case of some requirements, there is room for exceptions. It also lends the document an unnecessarily peremptory tone.

Other suggestions made by committee members at Berkeley included the idea of using fillable forms or checkboxes in which individuals could attest that they are not committing fraud or financial maleficence. DIVCO also reiterated the suggestion made about other presidential policies, that a cost-benefit analysis should be conducted before instituting any new policy.

We thank you for the opportunity to comment on the proposed revisions.

Sincerely,

A handwritten signature in black ink that reads "Mary Ann Smart". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Mary Ann Smart  
Professor of Music  
Chair, Berkeley Division of the Academic Senate

Enclosures

cc: Maximilian Auffhammer, Vice Chair, Berkeley Division of the Academic Senate  
Holly Doremus, Chair, Committee on Academic Planning and Resource Allocation  
Lia Fernald, Chair, Committee on Research  
Jocelyn Surla Banaria, Executive Director  
Deborah Dobin, Analyst, Committee on Academic Planning and Resource Allocation  
Patrick Allen, Analyst, Committee on Research



March 29, 2023

PROFESSOR MARY ANN SMART  
Chair, Berkeley Division of the Academic Senate

*Re: CAPRA comments on revised policy BFB-BUS-43, Purchases of Goods  
and Services, Supply Chain Management*

At its March 22, 2023, meeting, CAPRA discussed the latest proposed revisions to BFB-BUS-43, Purchases of Goods and Services, Supply Chain Management. This revision follows the last review of the proposed revisions in 2021.

We understand that this revision is not intended to change policy, but to make the policy more readable, correct formatting, clarify policy requirements, and separate policy from procedure. We applaud those goals. The revised policy does use less jargon, takes fewer pages, and requires fewer definitions. It no longer uses the terms “should” and “should not,” clearly separating mandatory requirements (“must”) from what is allowed (“may”) or recommended.

The formatting is still rough in places, and there appear to be a number of typos, perhaps introduced by the challenges of reviewing a document with extensive tracked changes. We recommend another review of the clean copy before the document is finalized. None of the typos appear to have substantive impacts. We do, however, recommend that the terms “UCL” and “PCC” be included in the definitions. Both are currently defined in text that not all users are likely to read, and then used as acronyms thereafter.

CAPRA also reiterates the Berkeley Division’s comments on the prior revision, which incorporated the new UCOP “Small Business First” program. Our Division noted at the time that:

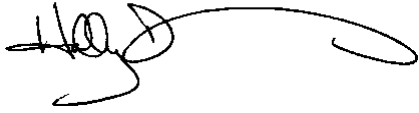
*[T]here is a proposed requirement that all purchases of value between \$10K-250K must first be bid with a certified small business or disabled veteran business. While this is a laudable goal, this requirement could increase administrative overhead, delays, and bureaucracy for purchasing.*

In general, before it imposes new requirements of this sort, we urge UCOP to explain more fully the basis for selecting threshold levels (for example, how \$10K purchases justify the additional bureaucratic requirements), and to seek information from the campuses about the expected workload increase. When

mandates are imposed without clear understanding of their consequences, UCOP should welcome data on their costs and benefits, and should withdraw them if it turns out the latter do not justify the former.

Thank you for the opportunity to comment.

With best regards,

A handwritten signature in black ink, appearing to read 'Holly Doremus', with a long, sweeping horizontal line extending to the right.

Holly Doremus, Chair  
Committee on Academic Planning and Resource Allocation





320 STEPHENS HALL  
UNIVERSITY OF CALIFORNIA

March 27, 2023

CHAIR MARY ANN SMART  
Academic Senate

*Re: Systemwide Review of Proposed Revisions to Presidential Policy BFB-BUS-43  
Purchases of Goods and Services; Supply Chain Management*

Dear Chair Smart,

At its meeting on March 9, COR briefly discussed the Proposed Revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management. The committee endorses the revised policy, which provides clear and improved guidance for researchers.

We appreciate the opportunity to weigh in on these matters.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lia Fernald'.

Lia Fernald, Chair  
Committee on Research

LF/pgs



DAVIS DIVISION OF THE ACADEMIC SENATE  
ONE SHIELDS AVENUE  
DAVIS, CALIFORNIA 95616-8502  
(530) 752-2220  
academicsenate.ucdavis.edu

April 19, 2023

**Susan Cochran**  
Chair, Academic Council

**RE:** Proposed Revisions to Presidential Policy BFB-BUS-43, Purchase of Goods and Services

Dear Susan,

The proposed revisions to Presidential Policy BFB-BUS-43, Purchase of Goods and Services were forwarded to all standing committees of the Davis Division of the Academic Senate. The Committee on Planning and Budget (CPB) responded.

As in its previous review, CPB remains concerned about the costs of this policy and lack of transparency about those costs. CPB's comments are enclosed and relayed verbatim below. Page numbers reference the clean policy draft.

- It remains unclear how many purchases, in aggregate, this policy affects. Proposed revisions to policy which broadly impact budgetary and resource decisions should include a cost analysis to enable systemwide stakeholders to comment on the effects of this policy at the local level. For example, purchasing from small businesses will likely create more work and therefore may not be as "practicable" as the policy states. In the past, Supply Chain Management offices may have discouraged such purchasing because of the extra work created. These costs should be factored into any financial analysis of this policy.
- On page 8, the policy states: "UC supports small businesses through Small Business First, which requires all procurements valued between \$10,000 and \$250,000 annually be awarded to Small Businesses or Disabled Veteran Business Enterprises wherever feasible. See Section III, Part 3, Subsection C. Small Business First below for more details." Shouldn't this provision limit the price differential that may exist between small business price and those of the most competitive vendor? In addition, some large businesses are based in California and pay state taxes, some of which support UC. Why shouldn't all California-based businesses receive similarly favorable treatment? (Similar comment for Section C.1.a on page 9 and the "Small Business First" section on page 23.)
- On page 18, the policy states: "If the purchase will cost more than \$50,000, then consult UC Facilities Manual or UCOP Facilities Management Asset Management and Physical Planning Procedures and Guidelines to determine what type of purchase agreement, purchase order, or construction contract is appropriate." Why are special purchase/bid requirements needed for equipment/materials costing \$100,000 or more that do not require installation, but special purchase/bid requirements are required for equipment costing more than \$50,000 if the latter

requires installation? Why not have the same cost threshold (\$100,000) regardless of whether the purchase requires installation?

- On page 23, the policy states: “Small Business First: UC Sustainable Practices Policy includes the goal of awarding 25% Economically and Socially Responsible (EaSR) spend annually to small and diverse owned businesses.” While the committee agrees with the positive intentions of this provision, the current budget climate calls into question the feasibility of this goal. How much does this policy priority cost UC Davis or the UC system as a whole? Why should any California business (large or small) be disadvantaged in any way, especially since California businesses pay taxes that help support the University of California?
- On page 38, the policy defines the elements that constitute a “Good Faith Effort” on the part of a Principal Investigator (PI) to identify small business sources. However, what defines “reasonable effort”? How do we avoid making this an onerous or time-consuming requirement? This provision also raises the question of why California-based businesses (of any size) should be disadvantaged in this policy, given how the taxation of some large businesses contributes to supporting the UC.

The Davis Division appreciates the opportunity to comment.

Sincerely,



Ahmet Palazoglu  
Chair, Davis Division of the Academic Senate  
Distinguished Professor of Chemical Engineering  
University of California, Davis

Enclosed: Davis Division Committee Responses

c: Monica Lin, Executive Director, Systemwide Academic Senate  
Michael LaBriola, Assistant Director, Systemwide Academic Senate  
Edwin M. Arevalo, Executive Director, Davis Division of the Academic Senate

April 5, 2023

**Ahmet Palazoglu**

Chair, Davis Division of the Academic Senate

**RE:** Proposed Revisions to Presidential Policy BFB-BUS-43, Purchases of Goods and Services

The Committee on Planning and Budget (CPB) has reviewed and discussed the proposed revisions to Presidential Policy BFB-BUS-43, Purchases of Goods and Services. While the CPB appreciates the many clarifications made in this revised policy, the committee is still very concerned about the cost of this program and the lack of transparency regarding its financial impact.

The CPB offers the following comments for further consideration (all page numbers reference the clean draft of the policy):

- It remains unclear how many purchases, in aggregate, this policy affects. Proposed revisions to policy which broadly impact budgetary and resource decisions should include a cost analysis to enable systemwide stakeholders to comment on the effects of this policy at the local level. For example, purchasing from small businesses will likely create more work and therefore may not be as “practicable” as the policy states. In the past, Supply Chain Management offices may have discouraged such purchasing because of the extra work created. These costs should be factored into any financial analysis of this policy.
- On page 8, the policy states: “UC supports small businesses through Small Business First, which requires all procurements valued between \$10,000 and \$250,000 annually be awarded to Small Businesses or Disabled Veteran Business Enterprises wherever feasible. See Section III, Part 3, Subsection C. Small Business First below for more details.” Shouldn’t this provision limit the price differential that may exist between small business price and those of the most competitive vendor? In addition, some large businesses are based in California and pay state taxes, some of which support UC. Why shouldn’t all California-based businesses receive similarly favorable treatment? (Similar comment for Section C.1.a on page 9 and the “Small Business First” section on page 23.)
- On page 18, the policy states: “If the purchase will cost more than \$50,000, then consult UC Facilities Manual or UCOP Facilities Management Asset Management and Physical Planning Procedures and Guidelines to determine what type of purchase agreement, purchase order, or construction contract is appropriate.” Why are special purchase/bid requirements needed for equipment/materials costing \$100,000 or more that do not require installation, but special purchase/bid requirements are required for equipment costing more than \$50,000 if the latter requires installation? Why not have the same cost threshold (\$100,000) regardless of whether the purchase requires installation?
- On page 23, the policy states: “Small Business First: UC Sustainable Practices Policy includes the goal of awarding 25% Economically and Socially Responsible (EaSR) spend annually to small and diverse owned businesses.” While the committee agrees with the positive intentions of this provision, the current budget climate calls into question the feasibility of this goal. How much does this policy priority cost UC Davis or the UC system as a whole? Why should any California business (large or small) be disadvantaged in any way, especially since California businesses pay taxes that help support the University of California?

- On page 38, the policy defines the elements that constitute a “Good Faith Effort” on the part of a Principal Investigator (PI) to identify small business sources. However, what defines “reasonable effort”? How do we avoid making this an onerous or time-consuming requirement? This provision also raises the question of why California-based businesses (of any size) should be disadvantaged in this policy, given how the taxation of some large businesses contributes to supporting the UC.

CPB appreciates the opportunity to comment.

April 19, 2023

Susan Cochran, Chair  
Academic Council

**Re: Systemwide Review of Proposed Revisions to Presidential Policy BFB-BUS-43**

Dear Chair Cochran,

The Irvine Division discussed the proposed revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management at its Cabinet meeting on April 18, 2023. The Council on Planning and Budget (CPB) also reviewed the revisions. CPB highlighted that concerns it had previously raised during the 2021 review are yet to be addressed; the council's feedback is attached for your review.

Cabinet members shared CPB's concerns, especially about how the policy imposes additional administrative burdens and increased costs on faculty and the university. Members also noted that while some improvement has been made, the policy continues to be complex and difficult to understand.

The Irvine Division appreciates the opportunity to comment.

Sincerely,



Georg Striedter, Chair  
Academic Senate, Irvine Division

Enclosure: CPB memo

Cc: Arvind Rajaraman, Chair Elect-Secretary  
Jisoo Kim, Executive Director  
Gina Anzivino, Associate Director



April 17, 2023

**GEORG STRIEDTER, CHAIR  
ACADEMIC SENATE, IRVINE DIVISION**

**RE: Systemwide Revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services;  
Supply Chain Management**

At its April 12, 2023, meeting, the Council on Planning and Budget (CPB) discussed the proposed revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management.

Overall, the Council was disappointed to find that the revisions inadequately addressed the concerns expressed by CPB when this policy was previously reviewed in February, 2021. The Council offers the following comments:

- Justification for the policy remains unconvincing. The Council found no evidence supporting the claim that increased support for small businesses lead to more rapid economic growth in the state. CPB reiterated that, although the Council agrees that support of small businesses is a social good, absent an appropriate cost analysis, members were not convinced that this is sufficient reason for the UC to distort its purchasing and add an additional burden for faculty.
- There is no recognition that this policy may increase UC costs, including having to hire additional personnel to enforce this policy.
- It is unclear why costs of \$100K and under do not require competitive bidding. The amount seems arbitrary.
- The policy indicates that suppliers to all UC locations must pay a minimum wage of \$15 per hour to employees performing those services. Will this also apply to employees of a company working outside California, including other countries? (III. Policy Text, Part 1: Purchase Transactions, E. Purchase Limitations and Special Requirements, 1. Campus and LBNL, d. Fair Wage/Fair Work, 1. General Requirements).
- Under the definition for Disabled Veteran Business Enterprise (DVBE), the policy reads:

*“The business must be at least 51% owned by one or more disabled veterans; if a limited liability company, the business must be wholly owned by one or more disabled veterans; daily business operations must be managed and controlled by one or more disabled veterans.”*

The Council suggests the following for brevity, “if a limited liability company, the daily business operations must be owned, operated, managed and controlled by one or more disabled veterans.”

- The document remains complex and difficult to understand. Compliance will likely be difficult to implement. Additional thought and consideration is needed regarding implementation. Adding diagrams may help the staff and faculty to better understand and implement this policy.

The Council appreciates the opportunity to comment.



On behalf of the Council,

A handwritten signature in dark ink, reading "Alyssa A. Brewer". The signature is written in a cursive, flowing style.

Alyssa Brewer, Chair  
Council on Planning and Budget

CC: Jisoo Kim, Executive Director, Academic Senate  
Gina Anzivino, Associate Director, Academic Senate  
Michelle Chen, CPB Analyst  
Stephanie Makhoul, Cabinet Analyst



April 19, 2023

Susan Cochran  
Chair, UC Academic Senate

**Re: (Systemwide Senate Review) Proposed Revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management**

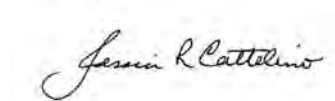
Dear Chair Cochran,

The divisional Executive Board, councils, and committees appreciated the opportunity to review the proposed revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management. The Executive Board (EB) reviewed the proposal at its meeting on April 13, 2023.

EB members voted to endorse the proposed policy. They indicated the importance of considering diversity, equity, and inclusion matters as they relate to the Small Business First Program. They also emphasized the need for amplified awareness of sustainable practices and greenhouse emissions in procurement and supply chain management.

More generally, members emphasized the challenges that faculty face in advancing their research, teaching, and service because of the cumbersome systems (including purchasing) that require ever-increasing time and labor. In the creation and review of related policies, the University should center the question of how they support the academic mission.

Sincerely,



Jessica Cattelino  
Chair  
UCLA Academic Senate

Cc: April de Stefano, Executive Director, UCLA Academic Senate  
Andrea Kasko, Vice Chair/Chair Elect, UCLA Academic Senate  
Shane White, Immediate Past Chair, UCLA Academic Senate



OFFICE OF THE ACADEMIC SENATE  
PATTI LIWANG, CHAIR, ACADEMIC SENATE  
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5200 NORTH LAKE ROAD  
MERCED, CA 95343

**April 18, 2023**

**To: Susan Cochran, Chair, Academic Council**

**From: Patti LiWang, Chair UCM Divisional Council**

**Re: [Proposed Revisions to the Presidential Policy BFB-BUS 43 Purchases of Goods and Services; Supply Chain Management](#)**

The proposed revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management was distributed for comment to the Merced Division Senate Committees and the School Executive Committees. The following committees offered several comments for consideration. Their comments are appended to this memo.

**CAPRA** believes that while the spirit of the proposed revisions are good, the committee strongly suggests not forcing all such purchases to be awarded to small businesses. While exceptions are allowed, it would require extra work as described in Part C of page 46. CAPRA is also concerned that the policy will add additional overhead in terms of time and effort to comply with such a policy and further slow the progress of faculty research.

**LASC** raised many of the same concerns that it had with the 2021 version of this policy. The committee asserts that if this policy is applied to the purchase of library information resources, it will be burdensome and will likely result in significant delays in the acquisition of information resources. Publishers of books, journals, databases, etc. are, by definition, sole source suppliers. The Copyright Act ensures this. Vendors that aggregate the provision of these materials to libraries are, due to their scale and technological capacity, effectively sole source suppliers, as are vendors that supply collections-related services, such as journal subscription management services. In almost all cases, these vendors are national corporations; publishers are both national and multi-national corporations. The necessity to seek waivers from Small Business First requirements will add an additional layer of bureaucracy to library procurement without any benefit to the University. LASC suggests that one alternative would be to seek exemptions by having Library agreements certified as sole source agreements. This may also add a significant administrative burden. This policy as written will be more or less burdensome to the Library depending on how it is implemented. LASC does foresee, however, some degree of negative impact due to the need to seek waivers or exemptions to the policy provisions.

Divisional Council reviewed these comments via email and supports the various points and suggestions.

The Merced Division thanks you for the opportunity to comment on the proposed revisions.

CC: Divisional Council  
Monica Lin, Executive Director, Systemwide Academic Senate  
Michael LaBriola, Assistant Director, Systemwide Academic Senate  
Senate Office



ACADEMIC SENATE, MERCED DIVISION  
COMMITTEE ON ACADEMIC PLANNING AND RESOURCE ALLOCATION  
KEVIN MITCHELL, CHAIR  
kmitchell@ucmerced.edu

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5200 NORTH LAKE ROAD  
MERCED, CA 95343

**March 17, 2023**

**To:** Patti LiWang, Senate Chair

**From:** Kevin Mitchell, Chair, Committee on Academic Planning and Resource Allocation (CAPRA)

**Re:** CAPRA Comments on the Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management

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CAPRA reviewed the Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management and offers the below comments.

While the spirit is good, CAPRA suggests not forcing all such purchases to be awarded to small businesses. It should be voluntary rather than mandatory. According to Part 1: Purchase Transactions, B. Required Use (page 46 of BFB-BUS-43): "Items covered by Pool Purchase Orders shall not be purchased from other sources, unless the exception involves special delivery requirements, or there are substantial differences in specifications which preclude the use of the contract source. Such exceptions shall be approved by the campus Procurement/Supply Chain Director. Exceptions on any basis other than the above circumstances shall be approved by the Commodity Manager."

While exceptions are allowed, it would require extra work as described in Part C of page 46. Exception Reports. "Purchases from other than pool Purchase Order suppliers or commodity agreement sources shall be reported to the Commodity Manager. Such reports shall include copies of the purchase action".

This policy will add additional overhead in terms of time and effort to comply with such a policy. The current procurement policy is complicated and time-consuming, and this policy will simply add extra overhead and further slow the progress of our research work.

We appreciate the opportunity to provide these comments.

cc: Senate Office

# UNIVERSITY OF CALIFORNIA, MERCED

BERKELEY • DAVIS • IRVINE • LOS ANGELES • MERCED • RIVERSIDE • SAN DIEGO • SAN FRANCISCO



SANTA BARBARA • SANTA CRUZ

ACADEMIC SENATE, MERCED DIVISION  
COMMITTEE ON LIBRARY AND SCHOLARLY COMMUNICATIONS  
MARIA DEPRANO, CHAIR  
mdeprano@ucmerced.edu

UNIVERSITY OF CALIFORNIA, MERCED  
5200 NORTH LAKE ROAD  
MERCED, CA 95343

**March 17, 2023**

**To:** Patti LiWang, Chair, Academic Senate

**From:** Maria DePrano, Chair, Committee on Library & Scholarly Communications (LASC)  
& LASC Committee Membership

**Re:** Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management

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LASC writes in response to the proposed systemwide Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management.

LASC raises many of the same concerns that it had with the 2021 version of this Systemwide policy. (Please see our original February 16, 2021 memo.) If this policy is applied to the purchase of library information resources, it will be burdensome and will likely result in significant delays in the acquisition of information resources.

Publishers of books, journals, databases, etc. are by definition sole source suppliers. The Copyright Act ensures this. Vendors that aggregate the provision of these materials to libraries are, due to their scale and technological capacity, effectively sole source suppliers, as are vendors that supply collections-related services, such as journal subscription management services.

In almost all cases, these vendors are national corporations; publishers are both national and multi-national corporations. The necessity to seek waivers from Small Business First requirements will add an additional layer of bureaucracy to library procurement without any benefit to the University.

One alternative would be to seek exemptions by having Library agreements certified as sole source agreements. This may also add a significant administrative burden.

This policy as written will be more or less burdensome to the Library depending on how it is implemented. LASC does foresee, however, some degree of negative impact due to the need to seek waivers or exemptions to the policy provisions.

Thank you for the opportunity to opine.

Cc: Senate Office



CHAIR, ACADEMIC SENATE  
RIVERSIDE DIVISION  
UNIVERSITY OFFICE BUILDING, RM 225

SANG-HEE LEE  
PROFESSOR OF ANTHROPOLOGY  
RIVERSIDE, CA 92521-0217  
TEL: (951) 827-4390  
EMAIL: SANG-HEE.LEE@UCR.EDU

April 10, 2023

Susan Cochran, Chair, Academic Council  
1111 Franklin Street, 12th Floor  
Oakland, CA 94607-5200

**RE: Systemwide Senate Review of Proposed Revisions to Presidential Policy BFB-BUS-43 on the Purchase of Goods and Services and Supply Chain Management**

Dear Susan,

The Riverside Executive Council discussed the Proposed Revisions to Presidential Policy BFB-BUS-43 on the Purchase of Goods and Services and Supply Chain Management during their April 10, 2023 meeting and had no comments to add to those in the attached memo from Riverside's Committee on Planning and Budget.

Sincerely yours,

A handwritten signature in cursive script, reading "Sang-Hee Lee".


Sang-Hee Lee  
Professor of Anthropology and Chair of the Riverside Division

CC: Monica Lin, Executive Director of the Academic Senate  
Cherysa Cortez, Executive Director of UCR Academic Senate Office

**PLANNING AND BUDGET**

April 3, 2023

To: Sang-Hee Lee, Chair  
Riverside Division

From: Peter Atkinson, Chair   
Committee on Planning and Budget

**RE: [Systemwide Review] *Proposed Revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management***

The Committee on Planning & Budget unanimously rejected the *Proposed Revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management*. The committee noted the description of the many changes made to the original document from 2021 with respect to the simplification of bureaucratic language. The committee recognized the intent of the revised policy to support local small businesses and is supportive of this intent in general terms but remained deeply concerned with the procedures proposed. Indeed, our concerns remain the same as those summarized by former Committee on Planning & Budget Chair Kinney in her memo to then Division Chair Stajich of February 18, 2021. It remains unclear to the committee whether the small business bid policy applies to faculty PIs and research grants. If so, the proposal will significantly increase the bureaucratic burden on faculty and staff, introducing needless additional paperwork where PIs will be requested to justify their purchases of office, laboratory, studio supplies, and equipment, when a local supplier is not used. The committee is dismayed that the core of this revision remains essentially unchanged despite our previous criticisms and despite the impact that the COVID-19 pandemic has had on UC Riverside staffing levels with the resulting additional burden on faculty.

Perhaps one solution is for the writers of this policy to identify potential small businesses relevant to the mission of the university that qualify as being close to each of the ten UC campuses. This list could then be circulated to the relevant procurement officers who could then circulate it to their departments. However, we again state that whatever administrative procedure is developed, it cannot increase the existing burden on faculty and the few support staff remaining in their departments.





OFFICE OF THE ACADEMIC SENATE

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April 14, 2023

Professor Susan Cochran  
Chair, Academic Senate  
University of California  
VIA EMAIL

Re: Divisional Review of the Presidential Policy BFB-BUS-43 Purchases of Goods and Services;  
Supply Chain Management

Dear Chair Cochran,

The proposed revisions to the Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management were distributed to San Diego Divisional Senate standing committees and discussed at the April 10, 2023 Divisional Senate Council meeting. Senate Council endorsed the proposal and offered the following comments for consideration.

Reviewers noted that this version of the policy is a significant improvement over the previous version as it was much clearer and easier to understand. It was noted, however, that the disadvantaged business enterprise (DBE) category was removed from this version of the policy and there was no explanation why. Given that the DBE category focused on socially and economically disadvantaged individuals and not only race or gender, Council recommended that DBE be restored, or redefined to further focus on social and economic disadvantage, and that it be fully incorporated for priority consideration along with the small business (SB) and disabled veteran business enterprise (DVBE) categories. Reviewers also reiterated a prior suggestion that the definition of Economically Disadvantaged Individuals or DBE be modified to include some description of geographical disadvantage (by zip code perhaps) to potentially include businesses that are enhancing the local economic climate/jobs in underprivileged locations.

The responses from the Divisional Committee on Planning and Budget and Committee on Diversity and Equity are attached. The Committee on Planning and Budget's response includes editorial suggestions for clarity.

Sincerely,

A handwritten signature in cursive script that reads "Nancy Grey Postero".

Nancy Postero  
Chair  
San Diego Divisional Academic Senate

Attachment

cc: John Hildebrand, Vice Chair, San Diego Divisional Academic Senate  
Lori Hullings, Executive Director, San Diego Divisional Academic Senate  
Monica Lin, Executive Director, UC Systemwide Academic Senate

April 3, 2023

NANCY POSTERO, CHAIR  
Academic Senate, San Diego Division

SUBJECT: Proposed Presidential Policy BFB-BUS-43, Purchases of Goods and Services

The Committee on Diversity and Equity (CDE) discussed the 2023 version of the proposed revisions to Presidential Policy BFB-BUS-43 at its March meeting. The current draft revises the 2021 proposal in response to comments about lack of clarity. The committee appreciates the clarification of language and formatting. The CDE does have one comment on the revised version.

When the committee last reviewed this policy and expressed concern that the Disadvantaged Business Enterprise (DBE) category was not included where specific priorities were outlined for Small Business (SB) and Disabled Veteran Business Enterprise (DVBE). In the current draft, all mention of the DBE has been deleted and, although this is nowhere explained, the committee assumes that the Section VI: Related Information reference to the Ninth Circuit Court of Appeals case (Monterey Mechanical) is the reason for this change. The committee, however, is disappointed that the University has not chosen to further challenge the issue, since the prior definition of DBE focuses primarily on disadvantage, and not race or gender. We recommend that DBE be restored, redefined to further focus on disadvantage, and that it be fully incorporated for priority consideration along with the SB and DVBE categories. We renew our prior suggestion that the definition on Economically Disadvantaged Individuals or DBE be modified to include some description of geographical disadvantage (by zip code perhaps) to potentially include businesses that are enhancing the local economic climate/jobs in underprivileged locations.

Sincerely,

Shantanu Sinha, Chair  
Committee on Diversity & Equity

cc: J. Hildebrand

March 28, 2023

NANCY POSTERO, CHAIR  
Academic Senate, San Diego Division

SUBJECT: Proposed Presidential Policy BFB-BUS-43, Purchases of Goods and Services

The Committee on Planning and Budget (CPB) discussed the 2023 version of the proposed revisions to Presidential Policy BFB-BUS-43 at its March meeting. The current draft revises the 2021 proposal in response to comments about lack of clarity. The 2023 version is a significant improvement. The document distinguishes more clearly which procedures are requirements, and which are simply allowed by policy (but not required). Professor Valerie Ramey was the lead discussant.

The CPB has a few minor suggestions to improve the policy's clarity and readability. These are listed below. The pages listed refer to the document without tracking that constitutes pages 1 – 46 at the end of the full 160-page pdf.

- Page 3. Since “Execute” is a verb it should not be defined as a noun.
- Page 3. At the end of the definition of “Personal Property,” “see below” is vague. Instead, “see definition below” would give clearer guidance for where to look.
- Page 5. The definition of “RFx Event” is difficult to understand. Another sentence to add clarification would be helpful.
- Page 6. The definition of “Strategically Sourced Agreements” gives no idea what the “strategically” part means.
- Page 9. I think that “*facilitate* competition” captures the meaning better than “*obtain* competition.” (*Ensure* would be another alternative.)
- Page 9. The phrase “Prior to releasing RFx Events” is difficult to understand since the definition of an RFx Event is difficult to understand.
- Page 9, 3.a., “manager” should be plural.
- Page 9, 3.b. “whether” is more appropriate than “if.”
- Page 10, 4.a. “spend” should be “spending.”
- Page 10, 13, 15, 35, 36, and many other pages. Semi-colons and commas are considered redundant when phrases are bulleted. It makes for cleaner reading to omit those types of punctuation in bulleted lists.
- Page 11 and elsewhere. The term “sustainability” is vague. It is not in the glossary and in a number of cases seems to include “diversity” as well, which seems odd.
- Page 13, 7.e. The last line is out of place in its use of the imperative. I recommend that the last sentence instead read “UC T&Cs may not be used when issuing sub-awards for research.”
- Page 15, first bullet in 1.a. – delete “s” from “exceeds.”
- Page 18, 2c. The use of the imperative is not consistent with rest of the document. I recommend replacing “consult” with “the” and adding “should be consulted” before “to determine what type”
- Page 23 B. seems to mix sustainability with diversity.
- Page 35. Part 5. The titles of A. and B. are missing a “must” or “may.” (Sections C, D, and E have them.)
- Page 36, Part V. Procedures, Part 1: Purchase Transactions has only two subcategories, “Unsatisfactory Performance” and “Systemwide Price Schedules” which don’t seem to go together in that the first is a problem and the second is a regular product, but which in some cases may not be competitively bid. Employing more parallelism across these two categories would increase the clarity. For example, between “Part 1” and “A” one could write an introductory sentence saying that the following outlines procedures to be followed in case of

unsatisfactory performance of a supplier or non-competitive bidding and then follow up with similar titles for the two subcategories.

Sincerely,

Michael Provence, Chair  
Committee on Planning & Budget

cc: J. Hildebrand



April 18, 2023

To: Susan Cochran, Chair  
Academic Senate

From: Susannah Scott, Chair  
Santa Barbara Division 

Re: Proposed Revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management

The Santa Barbara Division distributed the Proposed Revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management to the Council on Planning and Budget (CPB), the Committee on Research Policy and Procedures (CRPP), the Committee on Library, Information, and Instructional Resources (CLIIR), and the Committee on Information Technology (CIT). CLIIR opted not to opine.

The Santa Barbara Division appreciates the intent to clarify the policy, but it is unable to endorse the current version. The reviewing groups express persistent and severe concerns about the vague and often inconsistent policy directives, shifting the burden of policy compliance to departments, units, and faculty who are ill-equipped for such tasks, the unnecessary duplication of infrastructure created by this model, and the lack of resources and training to support the policy's implementation. They also reiterate concerns about the incompatibility of many highly technical purchases associated with research with bureaucratic procurement limitations, and the potential chilling effect on research for early career faculty who are particularly dependent on state funds to launch their research programs. The individual group responses, which contain detailed questions and requests for clarification, are attached for your consideration.

We thank you for the opportunity to opine.

UNIVERSITY OF CALIFORNIA  
**ACADEMIC SENATE**  
**SANTA BARBARA DIVISION**  
Council on Planning & Budget

March 8, 2023

To: Susannah Scott, Divisional Chair  
UCSB Academic Senate

From: James Rawlings, Chair   
Council on Planning & Budget

Re: Policy BFB-BUS-43 Purchases of Goods & Services; Supply Chain Management

The Council on Planning & Budget has reviewed the proposed Presidential Policy BFB-BUS-43: Purchases of Goods & Services and Supply Chain Management. CPB commends the participating agencies for revisions that have significantly improved the clarity of the document. Overall, the policies are clear and offer sufficient flexibility to ensure reasonable practices that are consistent with the overall mission of the university.

However, there are several instances where the principal burden of compliance is pushed to lower levels of administration, where staff are already under-resourced and overburdened. This is significant because much of the needed infrastructure will be replicated unnecessarily across departments, colleges and UC campuses. Furthermore, some of the language is vague, which amplifies these concerns. Examples of the language driving these concerns include:

- On pg 11 (5c), the document states “UC may not allow a bidder to correct an error, take an exception to a specification, or waive an irregularity if it gives that bidder a material advantage over other bidders”. Conversely, on page 14 (4b), it states “UC may allow bidders to correct irregularities or clerical errors in quotes”. Which is it?
- On pg 11 (6b), the document states: “The weight for the financial component must be at least 25% and sustainability at least 15% in Best Value evaluations”. Neither “weight” nor “sustainability” are defined nor is it indicated who will or how they will be determined.
- Regarding public works in excess of \$1000, on pg 15 (b1), the document states: “UC requires prevailing wages for all public works maintenance projects .....”; this is followed in (b2) by a series of exceptions without justification. At no point does the document define “prevailing wage,” how it is to be determined, or who determines it.
- “....departments or individuals requesting services must provide completed tax classification forms prior to procurement of services.” (Bullet #4 on page 7 of 46 of the unmarked revision.) Compliance with classification requirements is often a tangled web, requiring significant experience to efficiently meet process requirements. As such, this activity should be supported with central staff at the campus level. Since campus

administration can use the policy as written to push this responsibility to the departments, the language should be changed to assign responsibility at that level.

- “Each UC location must develop supplier diversity plans.” (Bullet #3, page 23 of 46 of the unmarked revision.) While it is important to provide individual campuses with flexibility to account for local circumstances, it is highly inefficient to have each location develop such plans in a vacuum, uncertain as to whether or not they are consistent with UCOP’s intentions or other campus’ policies.
- Regarding Small Business Enterprise (SBE)/ Disabled Veteran Business Enterprise (DVBE) requirements, (Bullet B1., page 23 of 45 of the unmarked revision) how are “general requirements” conceivably achieved? And by whom? How does one go about proving a negative (i.e. “*There is no SBE or DVBE that fits this project.*”)? How are individuals supposed to determine whether or not suitable qualifier suppliers even exist to get the request quotes?
- “Waivers must clearly document the steps taken and research completed to sufficiently justify an exemption from SB First”. (Bullet #b, page 24 of 46 of the unmarked revision) This is incredibly vague and could be interpreted as a significant burden by those trying to move forward with procurement in a timely manner. The next bullet (#3 on page 24 of 46) provides ample exceptions – so much so that it makes one wonder whether one needs to even worry about B.1 in the first place.
- Item #1 (page 37 of 46), regarding the statement that the originating department is responsible for developing a small business subcontract plan. This is an unacceptable burden for departments that are awarded virtually no indirect cost recovery on contracts. This policy is written as though people managing contracts are given ample staff to handle this on a case-by-case basis, which is not consistent with our/faculty? experience.
- “Locations must monitor and report the extent of small business participation” (Bullet 4(a,b,c) on page 39 of 46, of the unmarked revision.) This is an unacceptable reporting/data management requirement on departments that manage large contracts, without an increase in staff support. Even if the memo intends that compliance checks and documentation are done at the level of Sponsored Projects (and not department financial officers), they are still woefully understaffed.


Finally, CPB notes that the document states (#2.d on page 32), that a goal of UCOP is to “assist UC in becoming a premier institution known for its procurement excellence.” The proposed policy implies this will be achieved by shifting activities and responsibilities to the department level, while simultaneously setting forth an extensive list of process requirements. One might reasonably argue that “a premier institution for procurement” is one that streamlines processes, centralizes data definition, collection and processing. Efforts to understand, implement and document best practices should not be replicated across multiple campuses doing exactly the same thing.

cc: Shasta Delp, Academic Senate Executive Director

**Academic Senate  
Santa Barbara Division**

April 7, 2023

To: Susannah Scott, Divisional Chair  
Academic Senate

From: David Stuart, Chair   
Committee on Research Policy and Procedures

**Re: Systemwide Review of Proposed Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management**

At its meeting of March 10, 2023, the Committee on Research Policy and Procedures (CRPP) discussed the proposed Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management. The Committee has a number of questions and concerns about the policy, described below.

- Part III-1-B-1: More clarification on Small Business First. Why are just Small Business or Disabled Veteran Business Enterprises included? Why not include minority or women owned businesses? Is the requirement to award \$10,000 - \$250,000 in procurements a campus or systemwide total requirement? Does Gateway actually specify these businesses? If not, how do faculty know which business to use?
- Part III-1-B-2: Can negotiations be done orally? Eventually everything needs to be in writing. More clarification is needed.
- Part III-1-C-7-d: The types of special documents that would qualify need to be specified; it is too vague as currently written. Clarification on when they are needed and how to prepare special documents should be included, perhaps in an FAQ (of which there is none).
- Part III-1-D-2: The policy should define "exempt from competition".
- Part III-2-A-2: The language around "Good Faith Efforts - Locating Small Business Sources" is concerning, in that the policy states that PIs must work with support staff to do so. Specific staff requirements for PIs seems to be a creep of roles. Also, faculty will be expected to expend time to source small businesses. PIs are not trained to do this.
- The document jumps from competitive bidding straight to receiving and acceptance; it does not discuss the possibility for negotiations after receiving an offer. Is there any way for a PI to withdraw if they have had poor experiences with the selected vendor? Can PIs disqualify vendors before a bid? PIs know what they need to make the right choice; procurement offices generally do not. Faculty do not want a bad decision being made on their behalf and their research being harmed. The "total value" is more than cost; reliability and sustainability are also factors. PIs are best suited to assess those factors and should have input in the bidding and selection process. There is also the uncertainty cost of spending more time looking at all options to find the cheapest in terms of dollars. These costs are not calculated.

CC: Shasta Delp, Executive Director, Academic Senate



April 12, 2023

To: Susannah Scott, Divisional Chair

From: Frank Brown, Chair, Committee on Information Technology

Re: Proposed Revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management

The Committee on Information Technology (CIT) considered the proposed revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management at its meeting of March 3, 2023. The Committee raises a number of questions and concerns about the proposed revised policy, detailed below.

Overall, the proposed revised policy represents a significant burden for PIs and departmental staff as they navigate the intricacies of the various limitations and requirements imposed on procurement. Individuals involved in University research are well aware of the need for frugality, simply because they receive limited funding to accomplish their goals. In most cases, it is not necessary to “assist” researchers with identifying goods at lower costs because they have already carefully considered which potential purchases meet the University’s needs at the lowest possible cost. Further, research supplies are generally not commodities. In many cases, these supplies are highly specialized and it is essential for the researcher to purchase goods from one or two specific vendors because not all research materials are identical.

Imposing additional restrictions on state-funded spending disproportionately impacts faculty whose research is primarily supported by start-up funds. While most established PIs have federal funding, and can therefore avoid the additional restrictions related to small and diverse businesses, assistant professors will likely be subject to these regulations.

The revised language related to Strategically Sourced Agreements (p. 57-58, redline) seems to imply that the use of regional and systemwide agreements is now mandated. Whether intentional or not, this language should be clarified in order to prevent varied interpretations. One point of concern is that historically, our campus has identified qualified vendors in some market segments (e.g. networking) who are able to offer significantly lower pricing than those specified in systemwide agreements. CIT emphasizes that the ability to leverage these vendors when appropriate is an efficient use of campus resources and helps the UC meet its overall goal of economic benefit through effective procurement.

In sum, these layers of bureaucracy are often counterproductive to university research. It is unclear whether UC locations will be provided with additional funding in order to bolster the infrastructure that will be required to ensure BFB-BUS-43 compliance and reduce the impact on faculty and staff workload. Finally, substantial and ongoing training will be required to help establish fluency in these complex, and often vague policies and procedures.

The CIT suggests that all research expenditures be waived from the bureaucratic requirements of this policy.

CC: Shasta Delp, Executive Director



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Office of the Academic Senate  
SANTA CRUZ DIVISION  
125 CLARK KERR HALL  
(831) 459 - 2086

April 18, 2023

SUSAN D. COCHRAN, Chair  
Academic Council

**RE: Proposed Presidential Policy BFB-BUS-43 - Purchases of Goods and Services; Supply Chain Management**

Dear Susan,

The Santa Cruz Division of the Academic Senate has completed its review of the proposed Presidential Policy BFB-BUS-43 - Purchases of Goods and Services; Supply Chain Management, with the Committees on Research (COR) and Rules, Jurisdiction, and Elections (CRJE) providing comments. All references are to the untracked “clean” version of the policy.

CRJE wondered if environmental and ethical values should be included in the definition of “Best Value” (II. Definitions – Best Value, Page 2). They suggested that language could be included that allows Purchasers to account for environmental and other ethical factors in their decisions.

CRJE also recommended removing or replacing the adjective “total” in “total value” when total quantity is not specifically intended: i.e., “Such judgment considers total value to UC” (II. Definitions – Reasonable Price, page 5), “services that provide the highest total value to UC” (III. Policy Text – Part 1.A.1, Page 6). If “Best Value”, as defined on p. 2, is intended in both these places, then CRJE recommended that this term be used instead, potentially with a hyperlink to its definition.

Finally, CRJE found two minor grammatical issues on p. 2: the definition for Competitive Bidding begins with a stray comma (II. Definitions – Competitive Bidding, Page 2). In the definition for “Best Value”, the following phrase lacks a verb “. . . performance criteria that may include, but not limited to, price, features . . .” (II. Definitions – Best Value, Page 2). CRJE suggest that perhaps the phrase should read, “. . . performance criteria that may include, but not be limited to, price, features . . .”

COR was detailed in its response and provided a point by point commentary on the policy, as outlined below.

**Chapter II: Definitions**

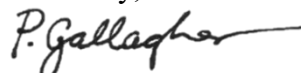
- Suggest defining “RFx” explicitly in Glossary. (RFx Event, Page 5).

### Chapter III:

- Part 1:
  - Reasonable Price, Page 5: Is there a minimum number of responsive quotations that provide a successful market test?
  - D.1, Page 13: Who determines if goods/services are the sole source? Does the purchaser write a justification for review by procurement staff?
  - I.2, Page 19: Note that delegation must now be made in writing. A reasonable change that should be highlighted.
- Parts 2-3
  - Part 2.A.3 - Goods and Service Acceptability, Page 21: How is the quality of the strategically sourced material determined and, in the event that doing so requires specific expertise, how is the end user involved in the decision making process?
  - Part 3.A.3, Page 23: How is ‘small business’ and ‘diverse’ defined in the context of procurement? Who is the small business officer, is that a campus position?
  - Several minor typos noted.
- Parts 4-5
  - Part 4.A – Policy, Page 24: The definition of “personal property” is a bit vague. Are there minimum/maximum costs associated with it? An example or two would help.
  - Part 5.C. 2 a, Page 26: COR found this section to be vague and asked, if it is policy that “if the P/SCD (or designee) determines that the goods or services are not available from commercial sources or within UC”, then can UC enter into an agreement with any employee with an employee-supplier relationship, or only with an employee who has teaching or research responsibilities or with a student employee?
  - Part 5.D. 2.e. – Contents, Page 27: COR observed that the following was ambiguous and in need of further clarification: “Certify that no University time, material, equipment, or facilities have been or will be used in connection with any resulting procurement transaction.” What situation is the policy attempting to address?
- Part 6
  - C.2, Page 28: COR suggested that the phrase “. . . an Administrator oversee the local procurement card program” be edited to read “. . . an Administrator to oversee the local procurement card program.”
  - D – Specific Transactional Responsibilities and Separation of Duties, Page 29: COR wondered if there are requirements on who can be a reviewer? The “Separation of Duties” section specifies that a reviewer can’t be the person who holds the card, but can a subordinate of a cardholder be designated as a reviewer if they do not hold a card themselves? It would seem that this is allowed, but likely is not good practice.

On behalf of the Santa Cruz Division of the Academic Senate, I thank you for the opportunity to provide feedback on this proposed Presidential Policy.

Sincerely,



Patty Gallagher, Chair

Academic Senate, Santa Cruz Division

April 19, 2023

Susan Cochran  
Chair, UC Academic Senate

**Re: (Systemwide Senate Review) Proposed Revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management**

Dear Chair Cochran,

The divisional Executive Board, councils, and committees appreciated the opportunity to review the proposed revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management. The Executive Board (EB) reviewed the proposal at its meeting on April 13, 2023.

EB members voted to endorse the proposed policy. They indicated the importance of considering diversity, equity, and inclusion matters as they relate to the Small Business First Program. They also emphasized the need for amplified awareness of sustainable practices and greenhouse emissions in procurement and supply chain management.

More generally, members emphasized the challenges that faculty face in advancing their research, teaching, and service because of the cumbersome systems (including purchasing) that require ever-increasing time and labor. In the creation and review of related policies, the University should center the question of how they support the academic mission.

Sincerely,



Jessica Cattelino  
Chair  
UCLA Academic Senate

Cc: April de Stefano, Executive Director, UCLA Academic Senate  
Andrea Kasko, Vice Chair/Chair Elect, UCLA Academic Senate  
Shane White, Immediate Past Chair, UCLA Academic Senate

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UNIVERSITY  
OF  
CALIFORNIA

# UC PROCUREMENT

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January 27, 2023

CHANCELLORS  
ACADEMIC COUNCIL CHAIR COCHRAN  
LABORATORY DIRECTOR WITHERELL  
ANR VICE PRESIDENT HUMISTON

**Re: Systemwide Review of Proposed Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management**

Dear Colleagues:

Enclosed for systemwide review are proposed revisions to Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management.

UC Systemwide Procurement, in consultation with UC campus Supply Chain Management and Procurement staff as well as campus policy managers, has revised the language in BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management (BUS-43). This revision is to clarify policy requirements, address inconsistencies and formatting errors, and separate policy from procedure.

BUS-43 was last reviewed in 2021, and feedback from stakeholders indicated that BUS-43 was difficult to understand and didn't adhere to current best practices regarding Presidential Policies. This revision addresses that feedback in the following ways:

- **Respond to feedback from the previous systemwide review.** During the 2021 systemwide review of BUS-43, multiple commenters noted that BUS-43 was difficult to understand, and the language didn't match best practices for Presidential Policies. As a result, BUS-43 has been rewritten using natural language rather than jargon whenever possible.
- **Address inconsistencies and formatting errors.** The last full review of BUS-43 was in 2012, and over time subsequent revisions introduced formatting errors such as incorrectly numbered sections and inconsistent styles within each section. This revision corrects those errors and applies a consistent style throughout the policy. This revision also updates BUS-43 to match current Presidential Policy guidelines.
- **Clarify what policy does and does not allow.** BUS-43 currently uses "should" and "should not" in policy requirements. This has caused confusion in determining what are policy requirements vs what is recommended or allowable. The BUS-43 revision clarifies what are policy requirements ("must" or "must not" do), what is or isn't allowed ("may" or "may not" do), and what is recommended as best practice for procurement at the University of California.
- **Separate policy from procedure.** BUS-43 currently contains both policy and procedures for Procurement. The procedures are not required policy, and therefore don't belong as part of BUS-43. The BUS-43 revision contains just the policy and required procedures. The remaining procedures will be moved to the Systemwide Procurement online portal as guidelines for faculty, students, and staff who participate in the procurement process at the University of California.

January 27, 2023

Page 2

The revision does not change the intent or requirements of BUS-43. The new language is designed to help faculty, students, and staff understand what the policy requirements are. However, the revision is extensive and therefore does need a systemwide review to ensure all stakeholders have a chance to comment on the changes.

#### Policy Drafters and Reviewers:

- Policy Communication and Training Analyst, Systemwide Procurement
- Campus policy managers
- Executive Director for Strategic Sourcing, Systemwide Procurement
- UC Legal
- Chief Procurement Officer, Systemwide Procurement
- Procurement Policy & Legal Document Team
- Campus Procurement Card Administrators
- Procurement Leadership Council
- Policy Advisory Committee

#### Sections Changed

No policy revisions were made, but each section of BUS-43 was rewritten to clarify policy and correct formatting errors. In addition, the Procedures section was significantly shortened to reflect just the required procedures. The procedures removed from BUS-43 will be moved to the Systemwide Procurement online portal.

#### Key Policy Issues Addressed

- Clarification of Existing Policy – this revision makes BUS-43 easier to understand with the goal of increasing compliance. This revision also responds to stakeholder feedback for policy written in natural language rather than jargon.

#### **Systemwide Review**

Systemwide review is a public review distributed to the Chancellors, the Chair of the Academic Council, the Director of the Lawrence Berkeley National Laboratory, and the Vice President of Agriculture and Natural Resources requesting that they inform the general University community, especially affected employees, about policy proposals. Systemwide review also includes a mandatory, 90-day full Senate review.

Employees should be afforded the opportunity to review and comment on the draft policy. Attached is a Model Communication which may be used to inform non-exclusively represented employees about these proposals. The Labor Relations Office at the Office of the President is responsible for informing the bargaining units representing union membership about policy proposals.

We would appreciate receiving your comments no later than **April 27, 2023**. Please submit your comments via online form: [BUS-43 Feedback Form](#)

Sincerely,  
DocuSigned by:

*Paul Williams*

Paul Williams, Systemwide Procurement  
Associate Vice President & Chief Procurement Officer

1/27/2023

DMS 38

January 27, 2023

Page 3

## Enclosures:

- 1) Draft Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management (clean copy)
- 2) Draft Presidential Policy BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management (tracked changes copy)
- 3) Model Communication

cc: President Drake

Provost and Executive Vice President Newman  
Executive Vice Chancellors/Provosts  
Executive Vice President and Chief Financial Officer Brostrom  
Executive Vice President and Chief Operating Officer Nava  
Executive Vice President Byington  
General Counsel and Senior Vice President Robinson  
Senior Vice President Bustamante  
Senior Vice President Colburn  
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# BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management

<b>Responsible Officer:</b>	AVP – Chief Procurement Officer
<b>Responsible Office:</b>	PS – <u>Systemwide</u> Procurement Services
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## TABLE OF CONTENTS

<b>I. POLICY SUMMARY</b>	<b>1</b>
<b>II. DEFINITIONS</b>	<b>2</b>
<b>III. POLICY TEXT</b>	<b>13</b>
<b>IV. COMPLIANCE/RESPONSIBILITIES</b>	<b>40</b>
<b>V. PROCEDURES</b>	<b>46</b>
<b>VI. RELATED INFORMATION</b>	<b>62</b>
<b>VII. FREQUENTLY ASKED QUESTIONS</b>	<b>64</b>
<b>VIII. REVISION HISTORY</b>	<b>64</b>

## I. POLICY SUMMARY

**A.** The procurement policies and procedures in this Bulletin are based upon:

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## TABLE OF CONTENTS

I. POLICY SUMMARY.....	3
II. DEFINITIONS.....	4
III. POLICY TEXT.....	23
IV. COMPLIANCE / RESPONSIBILITIES .....	76
V. PROCEDURES .....	87
VI. RELATED INFORMATION .....	99
VII. FREQUENTLY ASKED QUESTIONS.....	109
VIII. REVISION HISTORY .....	109

## I. POLICY SUMMARY

### A. This Presidential Policy (BUS-43) is based on:

1. California Public Contract Code, Part 2, Contracting by State Agencies, Chapter 2.1, University of California Competitive Bidding, Article 2, Materials, Goods, and Services (Public Contract Code Section 10507, et seq.)
2. The Bylaws and Policies of The Regents of ~~the~~ University of California; (UC) and Policies issued by the President of ~~the University~~UC.

### B. In addition, ~~these policies and procedures provide for appropriate implementation of the policies and~~BUS-43 addresses requirements ~~of the funding agencies for federal contracts and grants, funding~~ and other extramural agreements, ~~which. This~~ includes:

1. Recognition that the interests of the people of the State of California are paramount and that University Procurement/Supply Chain Management policies and practices ~~should be developed to~~must best serve those interests,
2. Recognition that the ~~basic~~ purpose of Procurement/Supply Chain Management is to support the teaching, research, and public service missions of the ~~University of California (University)~~UC in a cost effective manner,
3. Continuing development and refinement of University procurement policies in accordance with good business judgment and normal business practice as applicable to ~~the University's~~UC's total operations, and
4. ~~The University is committed to maintaining~~Maintaining high standards of performance based upon fair, ethical, and professional business practices. To further this end ~~in the implementation of its purchasing policies and procedures, the University, UC~~ expects each Procurement/Supply Chain Director ~~;(P/SCD), and others authorized by anyone~~ the ~~Procurement/Supply Chain Director~~P/SCD authorizes to make purchases, to abide by the Principles and Standards of Ethical Supply Management Conduct of the Institute for Supply Management (ISM) and the Code of Ethics of the National Association of Educational Procurement (NAEP).

## II. DEFINITIONS

**Asian-Pacific Americans:** ~~United States citizens whose origins are in Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the U.S. Trust Territory of the Pacific~~

~~University of California – Policy BFB-BUS-43~~

~~BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management Islands, (Republic of Palau), the Northern Mariana Islands, Laos, Kampuchea (Cambodia), Taiwan, Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Republic of the Marshall Islands, the Federated States of Micronesia, Macao, Hong Kong, Fiji, Tonga, Kiribati, Tuvalu, or Nauru.~~

~~**Associate Vice President and Chief Procurement Officer:** Office of the President Representative with facilitative, consultative, and coordinative oversight and responsibility for the Procurement/Supply Chain Management, Procurement Services, and Strategic Sourcing functions of the University and administrative responsibility for the management of the Office of the President Procurement Services Unit.~~

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## **II. DEFINITIONS**

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**Best Value:** The most advantageous balance of price, quality, service, performance, and other elements as defined by ~~the University~~UC, achieved through methods in accordance with Public Contract Code Section 10507.8 and determined by objective performance criteria that may include, but not limited to, price, features, long-term functionality, life-cycle costs, overall sustainability, required services, and the reduction of overall operating costs included in the proposal.

~~**Best Value Agreement:** An agreement entered into pursuant to the Best Value bid evaluation methodology.~~

BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management

**Best Value Awardee(s):** ~~The lowest responsible bidder or bidders that are awarded an agreement for goods, materials, and/or services through the use of Best Value bid evaluation methodology.~~

**Best Value Criteria:** ~~Criteria set forth in subdivision (d) of Public Contract Code Section 10507.8.~~

**Bid Authorization Threshold:** ~~Any single Purchase Agreement or Purchase Order involving an estimated expenditure of more than \$100,000 annually for goods and/or services to be sold to one or more Locations.~~

**Bidder:** An entity (individual or an organization) that participates in a University formal bid process.

~~**Cardholder:** An individual who has been delegated written authority to use a procurement card by the campus Procurement/Supply Chain Director.~~

~~**Card Program Authorized Signor:** Individual(s) designated by the Chancellor or the VP of ANR (or his/her designee) to authorize issuance of procurement cards and to implement card limits and controls.~~

~~**Card Program Reviewer / Approver:** An individual(s) at a supervisory level who is responsible for reviewing and/or approving purchases made by the Cardholder. Reviewers may not be in a subordinate relationship to the cardholder. A review shall not be assigned transaction verification for more than 10 procurement cardholders. (See exception procedures noted in Section IV/Compliance/Responsibilities, Part F/Responsibility and Authority for the Procurement Card Program, Sub-Section 4/Reviewer).~~

**Commodity Agreements:** ~~Primary and/or secondary strategically sourced agreements designated for supply of goods and/or services to the University that were awarded as a result of competitive bid process or negotiation. These agreements are for indefinite quantities during a period of time at firm prices or with an established basis for negotiated price changes.~~

**Commodity Manager:** A ~~manager or buyer~~procurement professional assigned responsibility on a ~~University-wide~~systemwide basis for coordinating standards and specification development covering specific commodities, or groups of commodities. ~~A Commodity Manager develops a commodity strategy and leads a team with representation from Locations on the development of the initiative plan, the research for developing product specifications, creation of the Request for Proposal documents, and then leads the team through the bidding and award processes. The Commodity Manager at the Office of the President also manages the resulting Systemwide agreement(s) on an ongoing basis.~~

**Common Goods and Services:** ~~Standard commercial equipment, materials, supplies, and services readily obtainable through conventional commercial marketing channels.~~

**Competitive Bidding:** this is a formal public process to collect proposals from suppliers for UC goods and services as per legal requirements.

**Conditional Sales Contract:** A written contract specific to UC Health, executed by ~~the~~ UniversityUC and the seller, containing the essential terms and conditions under which ~~the~~ UniversityUC gets possession and the right to use the personal property, though the seller

**University of California – Policy BFB-BUS-43**

**BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management**

retains title to the property as its security until total payment is made, at which time title passes to ~~the University of California~~UC. At the end of the lease term, the Medical Center may wish to purchase the equipment equal to the fair market value. The fair market value shall be determined by mutual agreement between the Medical Center and the Vendor.

~~**Construction:** Construction includes moving, demolishing, installing, building, altering, repairing or improving a structure, facility, road, other improvement, or system according to a plan or by a definite process. Construction consists of the application of any of these techniques to any physical plant facilities such as structures, utilities, excavations, landscaping, site improvements, drainage systems, and roads. Exterior and interior painting of new structures is a form of construction. All contracting associated with construction is governed by the UC Facilities Manual and the associated policies and templates therein. **Note:** For prevailing wage requirements only, construction also includes the following Moving Services:~~

- ~~(a) assembly or disassembly of freestanding or affixed modular furniture systems,~~
- ~~(b) affixing any good to real property,~~
- ~~(c) certain wall attachments (beyond a typical picture hanging).~~

~~**Construction:** See UC Facilities Manual for definition and policy. The Facilities Manual governs construction contracts – not BUS-43.~~

~~**Consultant/Consulting Services:** A consultant is a supplier that provides primarily professional or technical advice. Generally, the University does not control either the manner of performance or the result of the services. Consultants are subject to restrictions in the Public Contract Code~~Public Contract Code regarding follow-on contracts.

~~**Criteria:** Element(s) included in the qualitative and price/cost factors for bid evaluation.~~

~~**Department of Industrial Relations (DIR):** State of California agency that has the responsibility for ensuring that employers are administering Labor Law and Health and Safety regulations and guidelines in a compliant manner. Parent agency of the Division of Labor Standards Enforcement (DLSE) that grants Sheltered Workshop Licenses for Disabled Workers.~~

~~**Delegation of Authority:** In accordance with Personnel Policies for Staff Members (General Provisions), the authorities and responsibilities delegated to the Chancellor in this policy may be delegated to the Procurement/Supply Chain Directors~~

~~**Director, Strategic Sourcing:** Office of the President Representative with facilitative, consultative, and coordinative responsibility for the Procurement and administrative responsibility for the Strategic Sourcing Initiative in selected commodity categories.~~

**Disabled Veteran:** A veteran of the U.S. military, naval, or air service with a service connected disability who is a resident of California. To qualify as a veteran with a service connected disability, the person must be currently declared by the U.S. Department of Veterans Affairs to be 10% or more disabled as a result of service in the armed forces. (California Military and Veterans Code, Article 6, §999 et seq.)

**Disabled Veteran Business Enterprise (DVBE):** Business certification offered by the State of California Office of Small Business and DVBE Services (OSDS). To be certified as a DVBE firms must meet the following requirements: The business must be at least 51% owned by

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

one or more disabled veterans; if a limited liability company, the business must be wholly owned by one or more disabled veterans; daily business operations must be managed and controlled by one or more disabled veterans.

**Disadvantaged Business Enterprise (DBE):** A business concern which is at least 51% owned by one or more socially and economically disadvantaged individuals or, in the case of any publicly owned business, at least 51% of the stock of which is owned by such individuals and whose management and daily business operations are controlled by one or more of such individuals (includes MBE (Minority Business Enterprises) as well as WBE (Women's Business Enterprises). Like the other groups, this groups advocates for policies that support small businesses and provide opportunities for small businesses, it provides technical and financing training, and it produces data on the successes/challenges of Small Disadvantaged Business Enterprises throughout the country. It also works to connect people with other programs, like the EPA Fair Share Objectives Program.

Business owners who certify that they are members of named groups (Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent-Asian Americans) are to be considered socially and economically disadvantaged.

**Economically Disadvantaged Individuals:** Socially disadvantaged individuals whose ability to compete in the free private enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area that are not socially disadvantaged.

**Employee:** Any individual who is presently employed by the University.

**Employee – Supplier Relationship:** A relationship in which:

- ~~1. ● An employee, acting alone, proposes for a consideration to lease or sell goods or to provide services to University of California departments; or~~
- ~~2. ● An employee who owns or controls more than 10% interest in any business which proposes for a consideration to lease or sell goods or to provide services to University of California departments; or~~
- ~~3. ● A former employee acting alone, proposes for a consideration to lease or sell goods or to provide services to University departments; or~~
4. The near relative of an employee, acting alone, proposes for a consideration to lease or sell goods or to provide services to University departments, when the employee has, in any connections with his or her University employment, any responsibility for or will be involved in any manner, in the department's decision to accomplish or approve the transactions; or
5. The near relative of an employee owns or controls more than a 10% interest in a business, which proposes for a consideration to lease or sell goods or to provide services to University departments, when the employee has, in any connection with his or her University employment, any responsibility for or will be involved in any manner in the department's decision to accomplish or approve the transactions.

**Employee with Teaching or Research Responsibilities:** An academic appointee who is engaged in teaching and/or research activities, and certain staff employees (e.g., Staff Research Associates) who may participate in teaching or research activities.

**Escalation Authority:** The individual to whom the Policy Exception Authority reports, or such individual's designee.



**Executing Official:** An individual who has the authority to **Execute:** The act of signing a contract, purchase Goods and/or order or Services on behalf of the University.

**External Financial Loan:** Funds borrowed from external sources, such as banks, for the purpose of financing the purchase of personal property.

**Factors:** Individual qualitative criteria that the University determines to be important elements for evaluation of bids and successful other agreement award(s).

**Fair Share Objectives:** A program developed fully executed agreement is one that has been signed by the Environmental Protection Agency, Fair Share sets aside a percentage of their procurement opportunities that are funded by the EPA financial assistance agreements. All EPA groups are to ensure that they are promoting contracting with MBEs and WBEs.

**Fair Wage/Fair Work Services:** Fair Wage/Fair Work Services include all services to be performed for the University at one or more UC Locations. Fair Wage/Fair Work services requirements do not apply to: (i) contracts funded by extramural awards containing sponsor-mandated terms and conditions, or (ii) endowment or investment property where the purpose is to generate income from the general public, except to the extent such property is used by the University in furtherance of its mission parties.

**Federal Contracts and Grants:** Extramural agreements which fund selected campus activities, and prime contracts governing Laboratory operations, **and Cooperative Agreements:** Agreements using federal funds for the acquisition of goods and/or services.

**Former Employee:** An individual who was retired or separated from the University, was dismissed, or was otherwise formerly employed by the University.

**Formal Competitive Bidding:** A set of documents issued publicly by Campus Procurement or qualified entity (e.g. GPO), inviting offers (bids, proposals or quotations) for the selection of suppliers, contractors or service providers to fulfill specific requirements.

**Good Faith Efforts:** Good Faith Efforts are required methods that all EPA financial assistance agreement recipients have the ability to compete for these EPA-funded assistance dollars. The six tenets that the program is built upon are called “The Six Good Faith Efforts.”

**Historically Black College or University and Minority Institution (HBCU/MI):** Colleges and universities that meet the requirements of 34 CFR-Section 608.2, as determined by the Secretary of Education. These Minority Institutions also meet the requirements of Section 1046(3) of the Higher Education Act of 1965 (20 U.S.C. 1135d.5 (3)). The terms can also include Hispanic-Serving Institutions as defined in Section 316(b)(1) of such previously mentioned Act (20 U.S.C. 1059c(b)(1)).

**HUBZONE (HUBZone) Business:** Businesses with their primary location in historically underutilized business zones. These businesses, like many other Socially Disadvantaged Businesses are often able to participate in special programs related to business and marketing. Preferences in contracting sometimes go to these businesses since their owners are attempting to promote their businesses in areas with high-

~~University of California – Policy BFB-BUS-43~~

~~BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management  
unemployment and low income, often located in economically distressed communities.~~

**Incentive:** Payment or rebate offered to ~~the University~~UC by a supplier to provide additional consideration or compensation to encourage the purchase of goods and/or services

BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management

from that supplier. Incentives include, but are not limited to: Gifts, whether monetary or free goods or services; cash or credits based on total purchases; and any other value-added goods or services offered at no charge or at a substantially reduced cost to the University including provisions for research grants or fellows.

**Indian Tribal Governments (Tribes) and Alaska Native Corporation (ANC):** Indian tribal governments and Alaska Native Corporations (the Alaska equivalent of tribes) have the primary responsibility for promoting economic development. On the premise that it is both appropriate and necessary to use the federal government's massive procurement activity to help jump-start reservation economies, Congress has given Tribes and Alaska Native Corporations unique rights in the federal procurement process. These rights provide the federal agencies and federal contractors with strong incentives to contract with tribal and ANC firms.

**Informal Competitive Quotation:** Responsive price quotations from a minimum of three qualified suppliers.

**Inventorial Equipment:** Non-expendable, tangible personal property which has an acquisition cost of \$5,000\* or more, is free-standing, is complete in itself, does not lose its identity when affixed or installed in other property, and has a normal life expectancy of one year or more. These property items are tagged and are controlled by Equipment Management at each location.

\* See Business and Finance Bulletin BUS-29/Management and Control of University Equipment for full definition of *Governmental Inventorial Equipment*.

from that supplier.

**Inventorial Equipment:** See BUS-38: Disposition of Excess Property and Transfer of University-Owned Property for definition.

**Laboratory:** (LBNL): Lawrence Berkeley National Laboratory.

**Location:** A location is the Office of the President, or a University campus, medical center, Agriculture and Natural Resources site, or Laboratory.

**Low-Value Purchase Authorization (LVPA):** The authorization that may be granted by the Procurement/Supply Chain Directors to individuals in departments outside the purchasing department. Each such delegation of authority shall be in writing and shall contain written guidance adequate to ensure observance of good business practices and compliance with University purchasing policy. (See Section III Policy Text, Part 1/Purchase Transactions, Sub-Section I. Low-Value Purchases for the guidelines to be observed in administering Low-Value Purchase Authorizations.)

**Maintenance:** Maintenance is the upkeep of property, machinery, and facilities, including buildings, building and utility systems, roads, and grounds. Maintenance usually is characterized by its routine or recurring nature, the purpose of which is to keep facilities and systems in good working order. It consists of the preservation of buildings and grounds, other real property improvements and their components such as elevators, boilers, refrigerators, air conditioners, and other equipment which is a fixed part of a structure or a grounds installation (including coverings of floors, walls, and windows). It may include replacement of components and equipment if replacement is

**University of California – Policy BFB-BUS-43**

**BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management**  
~~required on a routine or recurring basis, and if the work is not an upgrade or does not  
constitute replacement of greater than 50% of the replacement value of that system.  
Maintenance does not include the erection, construction, alteration, repair, or~~

improvement of any University structure, building, road, or other improvement. Refer to Volume 6 of the UC Facilities Manual for applicable policies and definitions.

**Native Americans:** American Indians, Eskimos, Aleuts, and native Hawaiians.

**Near Relative:** ~~The spouse, child, parent, brother, sister, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of a University employee, and step-relatives in the same relationship. Near relative also includes the domestic partner of a University employee and a relative of the domestic partner in one of the foregoing relationships.~~

**Office of Small Business and DVBE Services (OSDS):** ~~The Office of Small Business and DVBE Services (OSDS) is the State of California's certifying agency that administers the small business, small business for the purpose of public works, and DVBE certification programs.~~

**Maintenance:** The ongoing upkeep of buildings, equipment, roads, grounds, and utilities required to keep a facility in a condition adequate to support UC's academic, scientific, and public service functions. See Facilities Manual for additional information.

**Near Relative:** See PPSM-21 for definition.

**Personal Property:** Any movable item subject to ownership; ~~material, but not~~ as opposed to real property; (see below).

**Personal Services:** Technical or unique functions performed by a supplier that is distinctly qualified to render the services. Personal services are of a nature that ~~the University~~UC would consider the supplier's experience, qualifications, and skills to be more important than comparative cost when selecting a supplier. Examples of personal services include translation services, technical editing, technical appraisals, transaction valuation, coaching, interior decorating, and contracts with musicians, artists, and others in the performing arts.

**Policy Exception Authority: (PEA):** The Chief Procurement Officer for a non-UC Health Systemwide or Office of the President contract; the AVP, UC Health Procurement for a UC Health Systemwide contract; and otherwise by the Procurement/Supply Chain Director of the campus, medical center, or Laboratory.

**Pool Purchase:** ~~A purchase transaction involving two or more Locations which provides that definite or guaranteed minimum quantities of specified items be purchased at fixed prices during a stated period. Pool purchases normally are made on a regularly scheduled basis one or more times a year.~~

**Prevailing Wage:** The Prevailing Wage is the specific wage rate set by the ~~State of California~~State of California Department of Industrial Relations for all workers on a Public Work according to the type of work and location. The Department also sets specific audit and reporting requirements encompassing production and retention of certified payroll. UC typically complies with these state requirements by policy. The federal government also establishes prevailing wage rates and reporting requirements applicable in certain instances utilizing federal funding. For federally funded services, UC will apply the more stringent prevailing wage requirements between federal and state law.

**Price Reasonableness:** See Reasonable Price.

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

**Price Schedules:** Agreements designated as an optional vehicle for supply of goods or services to ~~the University~~. UC Such agreements have not been competitively bid, and therefore are not to be used in lieu of securing competition for all purchases over the bid threshold of \$100,000 annually.

~~**Procurement Card Program Administrator:** An individual who is responsible for the day to day management and operation of the procurement card program at each Location.~~

**Procurement Contract:** A fully executed (signed by ~~both~~all parties) legally binding agreement for the procurement of goods and/or services by ~~the University~~UC that defines performance standards, scope of work, and complex terms associated with the purchase of a good or service.

**Procurement/Supply Chain Director: (P/SCD):** UC Location official responsible for Procurement or Supply Chain Management functions, which generally include purchasing, receiving, storehouse operations, and equipment management. This definition also includes designees of a ~~Procurement/Supply Chain Director.~~P/SCD.

~~**Procurement Leadership Council (PLC):** The Procurement Leadership Council is a shared governance body composed of 11 voting members (the Systemwide CPO and the 10 Campus CPO/Procurement Directors) and 3 non-voting members from the Systemwide procurement function (Strategic Sourcing, Analytics & Systems, and the Program Management Office/Chief of Staff). The PLC exists to continuously improve UC supply chains through innovation and collaboration.~~

**Professional Services:** Highly specialized functions, typically of a technical nature, performed by a supplier that, with respect to the services to be rendered, most commonly a) has a professional license; b) is licensed by a regulatory body; and/or c) is able to obtain professional errors and omissions insurance. Professional ~~services~~Services are of a nature that ~~the University~~UC would consider the supplier's experience, qualifications, and skills to be more important than comparative cost when selecting a supplier. Examples of ~~professional services~~Professional Services include ~~medicine~~clinical and related medical services, ~~and~~ legal, accounting, architectural, and engineering services.

~~**Project:** The erection, construction, alteration, repair, or improvement of any University structure, building, road, or other improvement that will exceed in cost, including labor and materials, a total of \$100,000.~~

**Proprietary Products and Services:** A product or service made and marketed by a supplier having the exclusive right to manufacture and sell.

**Public Works Project:** ~~California law provides that a Public Work includes~~Construction, maintenance, ~~construction~~, alteration, demolition, installation, or repair work in excess of \$1,000; done under contract ~~with a public agency~~ and paid ~~for~~ in whole or in part ~~without of~~ public funds. ~~UC typically complies with state prevailing wage requirements by policy. Note: The following work is also typically considered a Public Work:~~

~~(a) laying of carpet done under contract or under a building lease-maintenance contract.~~

~~(b) renewable energy work performed on UC property in California is considered a Public Work if done under contract. It can include preconstruction and more than 50% post-construction activities related to a public works project. For a full definition of the energy generated will public works refer to Labor Code section 1720.~~

~~University of California – Policy BFB-BUS-43~~

~~BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management~~

~~Anyone working on a public works project must be purchased by UC or the work is primarily intended to reduce UC's energy costs, paid prevailing wages as determined by DIR (Department of Industrial Relations).~~

~~(c) hauling of refuse from a Public Work site to an outside disposal location is considered a Public Work.~~

**Purchase Agreement:** See Procurement Contract.



**Purchase Order:** A commercial document issued on a University Purchase Order form (print or electronic) authorizing a supplier to furnish goods and/or services to ~~the University~~UC according to the stated terms (descriptions, quantities, prices, payment terms, and shipment/delivery dates). A Purchase Order forms a one-time contract when issued by ~~the University~~UC and performed by the supplier; it is only valid for the purchases referenced on the Purchase Order.

**Real Property:** Land and/or improvements including affixed structures and any other building space or variant of these such as prefabricated structures, mobile or portable, or light tension structures. This definition includes temporary or permanent structures and improvements.

**Reasonable Price:** ~~A~~ Also known as price reasonableness, a reasonable price is one that ~~does not exceed that which would be incurred by a~~ prudent person would incur in the conduct of a competitive business. Reasonable price ~~can~~may be established by market test, price or cost analysis, or the experience and judgment of the ~~Procurement/Supply Chain Director~~P/SCD. Such judgment considers total value to ~~the University~~UC. There is value to ~~the University~~UC in purchases which meet ~~the University's~~UC's needs, such as those involving quality, quantity, delivery, and service. A reasonable price need not be the lowest price available, but is one which offers the highest total value to ~~the University~~For UC for transactions above \$100,000, reasonable price is established through competition sufficient to ensure an adequate market test, or set by applicable law or regulation, or supported by an appropriate price or cost analysis.

~~**Responsive Bidder Quotation:** A quotation determined by the Procurement/Supply Chain Director to be in substantial conformance with the specifications, delivery requirements, and conditions prescribed in the request for quotation, free of material mistakes or errors.~~

**RFX Event:** Competitive sourcing event for solicitation of a Request for Proposal, Quotation, or Information.

**Responsible Bidder:** A bidder who has the capability in all respects to fully perform the contract requirements and whose integrity and reliability will assure good faith performance. Factors considered in evaluating responsibility may include: financial resources, past performance, delivery capability, experience, organization, personnel, technical skills, operations controls, equipment, and facilities.

~~**Service:** Labor performed for another; useful labor that may or may not produce a tangible commodity. Service includes, but is not limited to: bookstore operation; use of security guards; transportation; computer programming; clothing rental and cleaning; laundry; tests and analysis; film processing; janitorial work; window washing; rubbish and waste removal; and service and repairs to office equipment, transportation equipment, laboratory and medical equipment, and musical instruments. (See also Personal and Professional Services.)~~

~~**Service-Disabled Veteran-Owned Small Business (SDVOSB):** This program provides small business support to Service-Disabled Veterans. The program provides training, business resources for people with disabilities, counseling, assistance, networking opportunities, and financial assistance for those who qualify for a variety of loan and grant programs. Additionally, this program also connects Service-Disabled~~

~~University of California – Policy BFB-BUS-43~~

~~BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management  
Veteran Small Business Owners to government contracting opportunities.~~

**Small Business (SB):** ~~A Small Business is an independently owned and operated concern certified, or certifiable, or self-certified as a small business~~**Services:** Purchases providing help to UC in subjects such as consulting, accounting, transportation, cleaning, hospitality, traveling or maintenance, among others. (See also Personal and Professional Services or Covered Services.)

**Small Business Enterprise (SBE):** Business independently owned and operated that meets certification thresholds for small businesses. The business must be certified by the Federal Small Business Administration (SBA), by applicable state or local government agencies or by districts (such as the California Department of General Services Office of Small Business & DVBE Services) ~~and other recognized certifying agencies or 'councils.'~~

~~Small businesses are generally considered business organizations that are independently owned and operated, not dominant in their field of operation nationally, with principal offices located in the U.S. or its territories, depending on certifying agency and meet specified size standards to be considered small (these are variable depending on the council or agency offering certification). See Diverse Business Classifications by Government Source in Section VI. Related Information for additional definitions and resources related to Small Business and Supplier.~~

**Small Business Administration (SBA):** ~~The United States Small Business Administration.~~

**Small Business Officer:** ~~A University employee who is responsible for implementing the Small Business and/or Supplier Diversity Program at their Location. This employee may have another title and only do work on Small Business/Supplier Diversity as a portion of their responsibilities. This employee generally assists departments in preparing Small Business Subcontracting Plans, biannual federal e-SRS reporting on Subcontract Plans and in completing the final paperwork related to small business/diverse expenditures when the project is done. This employee also assists the Location in identifying small, local, diverse, disadvantaged, and disabled veteran-owned business entities for the purchase of goods and services. This employee may also have responsibility for filing annual Small Business Reports with Office of the President that are ultimately delivered to the California State Joint Legislative Budget Committee. A Small Business Officer may also go by the term, "Supplier Diversity Coordinator," or if they have other duties and their responsibilities related to small business only comprise half of their time, they may have another procurement-related title.~~

**Small Business Enterprise (SBE):** ~~An independently owned and operated concern certified, or certifiable, as a small business by the Federal Small Business Administration (SBA). (A general rule of thumb is that a concern with not more than 500 employees may be considered a small business. Size standards by North American Industry Classification System (NAICS) may be found in FAR Section 19.102. The University may rely on written representation by the Supplier regarding its status).~~

**Small Business Disadvantaged Business Concerns (SDB) 8(a):** ~~A small business development program that assists small and disadvantaged businesses in learning how to compete in the marketplace. This is a business assistance program. The firms must~~

~~University of California – Policy BFB-BUS-43~~

~~BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management  
have at least 51% ownership by socially and economically disadvantaged individuals.~~

The 8(a) program helps their businesses connect with business opportunities and government contracting.

**~~Socially-Disadvantaged Individuals:~~** Those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as members of a group without regard to their individual qualities.

**~~Small Business Officer:~~** A UC employee who acts as a liaison between the business community and Procurement. May participate in local trade fairs, training programs and outreach efforts sponsored by federal agencies to promote contact with small businesses.

**~~Sole Source Goods and/or Services:~~** Sole source goods and/or services are the only ones that will meet ~~the University's~~UC's needs because they are: a) unique; b) available from only one source; or c) are designed to match others used in or furnished to a particular / installation, facility, or location. See [SSPR Form](#) for detailed definitions

**~~Strategically Sourced Agreements:~~** Agreements designated for the supply of goods and/or services to UC that were awarded as a result of a competitive bid process or negotiation. These agreements are for indefinite quantities at firm prices, or with an established basis for negotiated price changes, within a set period of time.

**~~Student Employee:~~** An individual who is concurrently a student and a ~~University~~UC employee. Student ~~Employees~~employees are allowed to contract separately with ~~the University~~UC to perform additional campus activities or engagements outside of the scope of their primary University employment per ~~California Public Contract Code Section 10516.~~California Public Contract Code Section 10516.

**~~Sub-Award:~~** A collaborative research agreement issued by ~~the University~~UC under a prime extramural ~~contract~~grant which contains special flow-down provisions for the subrecipient. See [The Contract and Grants Manual for more information on managing sub-awards.](#)

**~~Subcontinent Asian Americans:~~** United States citizens whose origins are in India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands, or Nepal.

**~~Supplier:~~** A ~~Supplier is a service provider~~person, business, contractor, ~~vendor~~or other entity entering into a Contract or Subcontract directly or indirectly with UC.that provides goods and/or services to UC. Supplier may also be called a vendor or contractor.

**~~Supplier Diversity Coordinator:~~** See ~~Small Business Officer.~~

**~~Temporary/Supplementary Staffing Agency:~~** An agency that provides temporary or supplementary staffing is defined as a firm that hires its own employees and assigns them to support or supplement a client's workforce in situations involving ~~A UC~~ employee absences, temporary skill shortages, seasonal workloads, and special projects. In some instances, temporary jobs can also lead to permanent placements. A temporary or supplementary staffing firm may also supply employees to work on long-term assignments. Employees are recruited, screened, and assigned by the staffing firm.

**~~UC Fair Wage:~~** The UC Fair Wage shall equal \$13 per hour as of 10/1/15, \$14 per hour as of 10/1/16, and \$15 per hour as of 10/1/17.

**~~UC Location:~~** A UC Location is any location owned or leased by UC.

**University of California – Policy BFB-BUS-43**

**BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management**

**UC Template Documents:** The University's template documents include terms, conditions and standard forms that may be used in agreements negotiated with UC, and may be found at the UCOP website for Procurement Services.

**Unusual and Compelling Urgency:** The only Supplier capable of meeting the University's needs due to an emergency that precludes conventional planning and processing.

**Veteran-Owned Small Businesses (VOSB):** Veteran-Owned Small Businesses are Vets who have returned home with the goal of starting their own small business. This office provides them assistance with getting started on their new acts as a liaison between the business community and Procurement. May participate in local trade fairs, training, networking opportunities, resources, and often financial assistance with getting started programs and outreach efforts sponsored by federal agencies to promote contact with diverse businesses. See also Small Business Officer.

**Women-Owned Business Enterprise (WBE):** A business that is at least 51% owned by a woman or women who also control and operate it. "Control" in this context means exercising the power to make policy decisions. "Operate" in this context means being actively involved in the day-to-day management.

See **Diverse Business Classifications by Government Source** in Section VI. Related Information for additional definitions and resources related to Small Business and Supplier Diversity.

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### **III. POLICY TEXT**

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#### **Part 1: Purchase Transactions**

#### **Part 2: Strategic Sourcing Initiative**

**Part 3: Supplier Diversity and Federal Planning and Reporting** **UC Location:** A discrete organization or entity governed by the Regents of the University of California. Locations include, but are not limited to, campuses, laboratories, medical centers and health systems, as well as satellite offices, affiliates or other offices in the United States controlled by the Regents of the University of California.

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### **III. POLICY TEXT**

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#### **Part 1: Purchase Transactions**

#### **Part 2: Strategic Sourcing Initiative**

#### **Part 3: Supplier Diversity and Federal Planning and Reporting**

#### **Part 4: Personal Property/Special Acquisition**

#### **Part 5: Employee-Supplier Relationships**

#### **Part 6: Procurement Card Program**

#### **Part 1: Purchase Transactions:**

##### **A. General Policy and Applicability**

- 1. Policy:** It is ~~the practice of the University of California~~ UC's policy to ~~meet~~ support its ~~need for common goods, materials~~ mission of education, research, and public service by purchasing goods and/or services ~~at that provide~~ the lowest overall highest total ~~cost or best value, as applicable, to UC~~ while ~~affording~~ complying with applicable law. UC must also afford the maximum opportunity ~~practicable~~ feasible to those who wish to become suppliers to ~~the University~~ UC.
- 2. General Applicability:** ~~The policies and requirements set forth herein, and in other Procurement/Supply Chain Management issuances, shall apply to~~ BUS-43 applies to all Location UC Locations' purchasing activities, unless otherwise indicated or if the ~~Laboratory~~ LBNL is following federal policies and procedures.
- 3. Applicability under Federal Contracts and Grants:** ~~The policies and requirements in this Bulletin apply to purchases funded by federal agencies to the extent they are in conformance with applicable~~ BUS-43 applies to federal funds used for the acquisition of goods and/or services. If there is a conflict, then the following take precedence over the requirements in BUS-43:

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

- Applicable federal law, ~~the~~
- The standards identified in the Federal Acquisition Regulations (FAR) ~~and~~, the Office of Management and Budget (OMB), and ~~any~~the Defense Federal Acquisition Regulations Supplement (DFARS)
- ~~3.~~• Any applicable mandatory requirements or provisions imposed by federal awarding agencies. ~~This policy applies to federal contract and grant funds for the acquisition of supplies, goods or services that support research.~~

**4. Classification for Federal Tax Purposes:** ~~The University is committed to following UC must follow~~ applicable law regarding the classification of persons or entities providing services to ~~the University, and UC. This~~ specifically ~~whether applies to determining if~~ service providers ~~should be~~are UC employees ~~rather than Suppliers. Before engaging Suppliers for services, Procurement/Supply Chain Directors will inquire whether the University user or independent contractors. The department or individual requesting the service must provide completed tax classification forms prior to procurement of services has undertaken.~~

**5. Restrictions on Contracting for Services:**

- a. Covered Services:** Regents Policy 5402 (Policy Generally Prohibiting Contracting for Services) and the necessary analysisAmerican Federation of State, County, and Municipal Employees (AFSCME) EX and SX bargaining unit Collective Bargaining Agreements' (CBAs) Article 5 restrict what services UC may contract out. These restrictions apply to services that are performed by the AFSCME titled UC employees in this regardthe EX and SX bargaining units (known as covered services). See the Procurement Services SharePoint portal for more information.
- 4. Services that Displace UC Employees:** In addition, California Public Contracting Code (PCC) and completed the required form. Such analysis shall be the responsibility of the requesting department following the guidelines and templates provided by Finance/UC HR. Completion policy require a careful review of the required form must



accompany the request for procurement action. See UC Independent Contractor Guidelines for Federal Tax Purposes.

**5.b. Contracting Out for Services:** In any consideration to ~~any proposed service contract for services where University UC staff would be displaced, the University will support and approve contracting University work to non-University staff only. The Guidelines on Contracting for Services state the obligations for each party when the decision is consistent with protecting the core teaching, research, service, and patient care functions of the individual campus or medical center; is in response to a demonstrated, sound business need; and minimizes to the extent possible the impact on University staff. Such decisions are intended to be consistent Guidelines on Contracting for Services with the objectives of maintaining the University's relationships with the local business community and the quality of the work environment. Because consideration must be given to both the requirements and circumstances of the services involved and the overall benefit to the campus, these decisions will be made by the Chancellor or designated Vice Chancellor, with review by the Office of the President as appropriate and as described in these guidelines. Campuses and Medical Centers considering contracting for services by non-University staff there is a proposed service contract that would result in displacing UC staff. Requesting individuals must submit a completed "Formal Notice Pursuant to University Guidelines on Contracting for Services" for review and certification (p. 8-9 in the Guidelines on Contracting for Services), and this notice will be reviewed and certified by the Office of Systemwide Human Resources and the Office of the Chief Financial Officer. prior to entering into the proposed service contract.~~

~~The Guidelines for Contracting Out for Services can be found at <https://policy.ucop.edu/doc/4000590/ContrServ>~~

**6. Procurement Contract vs. Purchase Order: (PO):** Procurement contracts and purchase orders ~~look similar at first glance, but they~~ have different purposes. Procurement contracts become legally binding documents when both parties sign, and they ~~should beare~~ used for long term arrangements ~~with suppliers. Procurement contracts may also be used as well as~~ for complex, highly sensitive ~~procurements engagements where risk must be minimized, and documentation of commitments or liabilities is important.~~ Purchase orders are commercial documents used for ~~individual, one-time~~ transactions and become legally binding ~~only upon the acceptance or performance of when~~ the supplier accepts the PO either in writing or by providing any of the goods or services listed in the PO. Purchase orders also are used to effect releases against an existing contract.

**7. Contract Duration:** The maximum duration of any UC procurement contract to purchase goods and/or services, including the initial term and all amendments or extensions, ~~shall~~must not exceed ten years.

**8. Exceptions to Policy:** Exceptions to ~~this policy~~BUS-43 must be approved by the appropriate Policy Exception Authority.

**B. ~~Common Goods, Materials, and Services~~ Expenditure of Less Than \$100,000 or less Annually in Value for Goods and/or Services:**

**1. ~~Governing~~ General Requirements:** ~~Negotiation is allowed for agreements~~

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

~~or transactions~~ Buyers may use negotiation as a tactic in procurements where the ~~expenditures~~ agreement or transaction with the specific supplier ~~dedoes~~ not exceed

1. \$100,000 annually. ~~Competition is sought if the Procurement/Supply Chain Director determines that the~~

~~The P/SCD may also require competition for these procurements if it is necessary to develop a source, validate prices, or ~~for if there are~~ other compelling business reasons. ~~Negotiation may be used in conjunction with~~ Buyers may also use both negotiation and competitive quotations as well as in situations when~~

quotes if competition is not obtainablefeasible or required. ~~The University~~

UC supports small businesses ~~by leveraging a set-aside program that~~through Small Business First, which requires all procurements valued between \$10,000-~~\$~~ and \$250,000 annually be awarded to Small Businesses or Disabled Veteran Business Enterprises wherever practicablefeasible. See Section III, Part 3, Subsection C. Small Business First below for more details.

2. **Conduct of Negotiations:** ~~For a purchase not exceeding \$100,000, when it is advantageous to the University, all the necessary components of the order~~ Negotiations may be ~~negotiated~~conducted orally or in writing with one or more ~~Suppliers~~suppliers. The P/SCD is responsible for determining the number of ~~Suppliers with whom suppliers to include in~~ negotiations ~~are carried on is the responsibility of the Procurement/Supply Chain Director, and will generally depend upon the size and~~ the P/SCD may consider complexity of ~~the purchase and market conditions, when making that determination.~~

~~3. Purchase Agreements:~~ Purchase Agreements shall be in writing at a level determined appropriate by the Procurement/Supply Chain Director to protect the interests of the University. Generally, Procurement/Supply Chain Directors should use the most current version of the UC Template Documents, which may be found at <https://www.ucop.edu/procurement-services/policies-forms/index.html> to document these contracts for goods and/or services, and when they <https://sp.ucop.edu/sites/procurement/PPLDT/default.aspx>, they must document the purchase file to reflect the reason for the exception.

3. ~~Goods and Services over~~ **Agreements with Suppliers:** The P/SCD must determine the appropriate contracting vehicle level sufficient to protect UC's interests, and each purchase agreement must be in writing. In addition, the agreement must include the UC Terms & Conditions (UC T&Cs). The buyer must use the UC standard templates available on the Procurement Services Forms & Policies SharePoint portal to craft the agreement as much as possible.<sup>1</sup> If the P/SCD authorizes using the supplier's agreement template for a purchase transaction, then the buyer must document the reason for the exception.

**C. Expenditures of \$100,000 or More Annually in Value for Goods and/or Services:**

1. **General Requirements:** ~~California Public Contract Code Section 10507 et seq.~~ California Public Contract Code Section 10507 et seq. requires that all Purchase Agreements involving an expenditure of more than \$100,000 annually be UC competitively bid, ~~all purchases either valued at \$100,000 or more or with proposed annual expenditure of \$100,000 or more unless an exception applies.~~

- a. ~~Notwithstanding the above, California Public Contract Code Section 10508.5~~ California Public Contract Code Section 10508.5 also allows the UC to award a Purchase Agreement to a certified small business purchase agreements valued up to \$250,000 to certified Small Business Enterprises and/or Disabled Veterans Business Enterprises (SBE/DVBE) ~~without being competitively bid, so long as the competitive~~

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<sup>1</sup> See the Procurement Services Forms & Policies SharePoint portal for the most current versions of the UC forms and templates.

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

bidding. UC obtains price must get quotations (quotes) from two or more certified small businesses. The University supports small businesses by leveraging a set-aside program that requires all procurements valued between \$10,000-\$250,000 annually be awarded to Small Businesses or Disabled Veteran Business Enterprises wherever practicable. in order to bypass competitive bidding requirements. UC See Section III, Part 3, Subsection C. Small Business First below for more details. information.

**2. RFx Requirements:**

- a. Specifications:** These ~~should~~must contain descriptions ~~which~~that are adequate to obtain competition, ~~will insure responsive quotations, will.~~ Suppliers must have enough information to provide appropriate responses. In addition, the specifications must provide the same information to all competing suppliers and must not, to the fullest extent ~~practicable, do not feasible,~~ favor one brand, trade name, article, manufacturer, or supplier over others. It is the responsibility of the supplier to ask clarifying questions regarding the specifications if they do not fully understand the requirements.

- b. Brand or Trade Names:** ~~These should be used in specifications~~ Specifications may include brand or trade names only when needed for descriptive purposes only. When it is believed that no other. If specifications include a brand, or trade name, item, or proprietary service will properly satisfy the needs of the University, specifications should include a then they must also contain a description of the technical features ~~necessary.~~ The description must be sufficient to determine if other available goods or services are

- ~~b.~~ equivalent to ~~thesethe brands or trade names~~ specified.
- c. **Date Needed:** ~~This should~~The date must provide a reasonable time to obtain competition, secure timely delivery, or obtain contract performance based on realistic schedules, ~~thus avoiding. Requests must avoid requirements, whenever feasible, that may result in~~ payment of premium costs ~~which may be required~~due to meet abnormally short delivery or performance times.
- d. **Verification of Needs:** Prior to ~~releasing RFX Events,~~ the ~~solicitation of a quotation,~~ the Procurement/Supply Chain Director will determine~~P/SCD must confirm~~ that specification requirements such as abnormally short delivery or performance times are reasonable and necessary.

### 3. Supplier ~~Prequalification~~Qualification:

- a. ~~Procurement/Supply Chain Directors~~Suppliers must qualify as responsible bidders when participating in an RFX event. RFX Event manager must determine whether a bidder is a ~~Responsible Bidder~~responsible bidder.
- b. UC may choose to conduct supplier prequalifications separate from the RFX. The RFX Event must specify if bidders are to submit qualifying information prior to submitting bids or with their bids.
- ~~b.c.~~ Prospective bidders shall be required to~~must~~ provide relevant information as required to determine responsibility. ~~Prequalification requirements shall be based upon in order to qualify for bidding. RFX Event teams must define qualification requirement factors that are relevant to determining responsibilitythe event and shall be commensurate with have appropriate levels of complexity, cost, risk, and response time available.~~ All potential bidders ~~shall~~must be given equal consideration in evaluating qualifications to determine if a supplier is a responsible bidder.
- ~~c.~~ ~~The request for quotation or proposal (typically referred to as RFQ or RFP, or collectively, RFX) should specify whether information regarding qualifications should be submitted before or at the time of submission of the quote. Only quotations from bidders determined to be qualified will be evaluated.~~
- d. Prequalification ~~mayis not be a conclusivethe final~~ determination of ~~responsibility in a given transaction. On the basis of~~responsible bidder status. The P/SCD may change the qualification status of a bidder based on subsequent information, ~~the Procurement/Supply Chain Director may determine that a prequalified bidder should be rejected or that a rejected bidder should be prequalified.~~
- e. ~~Known~~The P/SCD may prequalify known suppliers with a current record of satisfactory performance and reliability ~~may be considered prequalified for. This prequalification only applies to~~ goods and services they have previously supplied.

### 4. Quotation Solicitation:

- a. **Competition:** ~~Competition~~UC must ~~be sought, as herein prescribed, for any transaction expected to involve an expenditure of more than \$100,000 annually~~use competition when soliciting quotes for goods and/or services. ~~Requirements shall if~~

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

estimated annual spend is more than \$100,000 per year. UC must not be artificially divided-divide requirements into separate transactions in order to avoid competition.

Subject to the requirements set forth in Article III, Part 1, Section A. 3. herein, competition involving an expenditure of more than \$100,000 is not required for purchases of:

- Personal Services
- Professional Services
- Goods or Services that constitute a Sole Source

- ~~4. Goods or Services procured through the Small Business First Program (See Section III, Part 3, Subsection C. Small Business First below for more details)~~

~~For federally funded transactions, check the applicable governing body (FAR Subpart 6.302 for Contracts, or OMB §200.320(f) for Grants and Cooperative Agreements) when documenting noncompetitive or sole sourced transactions. Each governing body has their own circumstances under which the University may contract without providing for full and open competition.~~

- b. Public Access to RFx Information:** ~~Formal RFx's shall be sought by posting~~For formal RFxs, UC must post all RFx documents to the public where feasible ~~and practicable.~~ Such public availability includes but is not limited to:

- ~~i. Utilizing University systems to push~~Pushing electronic notices such as email out to appropriate suppliers ~~via e-mail and other types of system notifications;~~
- ~~ii. Posting an appropriate notice in a place readily accessible to suppliers (e.g. Systemwide and Location websites) who may be interested in submitting a quotation or bid;~~
- ~~iii. Periodically utilizing~~Using third-party organizations where applicable, to inform potential suppliers of ~~the University's~~UC's practices, ~~and/or~~
- ~~iv. Making an appropriate newspaper or trade journal announcement, when determined by the Procurement/Supply Chain Director~~the PP/SCD determines it to be in ~~the University's~~UC's best interests.

~~Procurement/Supply Chain Directors shall request RFx from potential bidders after public notification and from other prequalified bidders as determined by the Procurement/Supply Chain Director. If in the judgment of the Procurement/Supply Chain Director the RFx should be extended, all bidders shall be concurrently notified.~~

The P/SCD may extend the RFx deadlines for submitting proposals. UC must publicly post the deadline extension and concurrently notify all bidders of the new deadline.

- c. Solicitation:** ~~If public notification the RFx is not utilized, formal competition should be sought by~~posted publicly, then UC must use as broad a solicitation of qualified potential bidders as ~~the situation indicates. Such solicitation should be from~~feasible for formal competition. UC must solicit at least three sources and ~~may, in, if there is~~ a limited market, the solicitation may include written inquiries to determine supplier interest and capability.

- d. Form and Content:** The P/SCD may obtain RFx responses ~~should be obtained electronically or in writing by the Procurement/Supply Chain Director. All information necessary to prepare and submit. When soliciting RFx responses should be given equally to all suppliers solicited., UC must give each supplier the same information for preparing and submitting those responses.~~ The solicitation ~~shall~~must specify which evaluation method ~~the University~~UC will use. If the award will be based on the



University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

Best Value method, then the RFx ~~should~~must list the different factors or criteria to be considered in the evaluation. ~~Although it is not mandatory to indicate how many points are possible per factor/criteria,~~

- d. ~~UC must establish~~ the number of points as well as the standards for determining the range of points that may be awarded per factor/criteria ~~should be established~~ prior to quotation opening. ~~The~~



~~University should~~ UC may choose to disclose how many points are possible per factor/criteria to the bidders. UC may also reserve the right to accept or reject quotations~~quotes~~ on each item separately, or the quotation as a whole, without further discussion.

## 5. Processing RFx Responses:

- a. **Acceptance:** ~~UC must accept all~~ RFx responses ~~shall be accepted if received no later than~~ on or before the date and time specified in the ~~request. Late~~solicitation. UC may ~~reject any late~~ responses ~~may be rejected and returned unless~~ UC is responsible for the delay ~~is attributable to the University.~~
- b. **Rejection:** ~~The University~~UC is not required to accept any responses, and UC may reject all responses without providing an explanation, ~~provided it if UC~~ has not ~~already awarded a contract to one of the bidders or issued a notification to or entered into negotiations with~~ a bidder ~~giving the bidder the opportunity to negotiate a contract (see Section III, D. 5.). All.~~ In addition, UC may reject all responses ~~may be rejected~~ when an award would not result in a reasonable price. ~~Any~~UC must ~~reject any~~ quotation ~~that is~~ determined to be non-responsive,<sup>2</sup> or ~~which is~~ from a bidder that is not Responsible, ~~shall be rejected.~~non-responsive bidder.
- c. **Exceptions:** ~~For goods or services required to be competitively bid, the University~~UC may not allow a bidder to correct an error, take an exception to a specification, or waive an irregularity if it gives that bidder a material advantage over other bidders.
- d. **Quotations:** ~~Bid~~UC must not open bid documents ~~are not opened~~ publicly unless, in the judgment of the ~~Procurement/Supply Chain Director~~P/SCD, a public opening will be advantageous to ~~the University~~UC.

## 6. Award of RFx:

- a. **General Basis:** ~~RFx shall be awarded according~~While California Public Contract Code allows UC to ~~one of~~ use both Best Value and Lowest Cost methods to evaluate RFx, Best Value is the preferred methodology under UC policy. The Sustainable Practices Policy requires procurement teams to allocate 15% of evaluation methods set forth herein. ~~Should points to sustainability. The Sustainable Practices Policy also governs granting exceptions to this requirement.~~
- ~~a.~~If the apparent awardee(s) refuse or fail to execute the tendered Purchase Agreement, ~~it~~then UC may ~~be awarded~~ award the RFx successively to the next ~~Responsible Bidder~~responsible bidder, and then to the third in the event of further refusal or failure.
- b. **~~Lowest Responsible Bidder:~~** There are two approved methods of evaluating bids:
  - i. ~~Cost alone~~

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<sup>2</sup> Bid that is not in substantial conformance with the RFx requirements.

**ii. Best Value**

- b.** ~~When using Best Value methods, quotations will typically be scored by an evaluation team and by the method defined in the bid/quotation documents. Points are assigned using a weighted formula consisting of two components: qualitative criteria, and financial criteria. The minimum weight for the financial component is must be at least 25%.%, and sustainability must be at least 15% in Best Value evaluations.~~
- c. Responsive Quotation:** In all bid evaluation methodologies, ~~only those quotations which are Responsive may be considered for award. If any item in the quotation is deemed "mandatory" and UC must limit consideration for award to responsive quotations. Quotes are not responsive if the bidder does not provide information on the all mandatory item items or if the bidder indicates it would not be able to they cannot comply with the mandatory item, that quotation is not Responsive items.~~

- d. **Reasonable Price:** ~~Purchase Agreements~~The P/SCD must determine that prices are reasonable before UC can enter into a purchase agreement for awarded RFx shall be entered into only after it has been determined by the Procurement/Supply Chain Director that prices to be paid are reasonable. Prices shall be ~~be~~ considered reasonable when ~~it has been determined by the Procurement/Supply Chain Director~~P/SCD determines that ~~competition secured~~the RFx has resulted in a reasonable market test, ~~or~~. Prices are also considered reasonable when prices are set by applicable law or regulation. ~~Lacking these assurances, If neither scenario applies, then UC must determine price~~ reasonableness shall be determined ~~by~~through appropriate price analysis.

~~Pricing~~In addition, UC may use pricing techniques ~~prescribed in~~from federal regulations shall be utilized selectively in documenting price reasonableness, recognizing their fundamental soundness but taking. If using federal pricing techniques, UC must take into account the different character and scale of purchases for which ~~such regulations have been~~these techniques were developed. ~~Per the~~UC must comply with FAR and DFARS requirements in FAR Subpart 15.4, ~~Literal compliance with this article shall be required when contracting with federal when using funds from federal grants and contracts and grants funds.~~ Documentation for. UC must document price reasonableness justifications for audit purposes. The documentation must be ~~auditable and traceable;~~ and UC must provide backup to ~~the statement(s) are necessary.~~any statements.

- e. **Negotiation:** In some circumstances, it is not possible to specify all of ~~the University's~~UC's requirements, and ~~some~~UC may use negotiation-is allowed. The RFx ~~should~~must state that the lowest ~~Responsible Bidder~~responsible bidder will be awarded the right to negotiate those requirements with ~~the University.~~UC. If the parties are unable to reach agreement, ~~the University~~UC may go to the next lowest bidder if it wishes but it is not required to do so. ~~The University~~UC holds the rights to negotiate with one or all bidders at its discretion, or if it is in the best interest of ~~the university~~UC.
- f. **Multiple Awards:** ~~RFx~~UC may ~~be awarded~~award the RFx to multiple suppliers when the ~~Procurement/Supply Chain Director~~P/SCD determines that a single supplier may not be capable of fulfilling ~~the University's~~UC's needs. ~~The University should~~UC must expressly reserve the right to make multiple awards.
- g. **Notification:** At the end of the award process, ~~the University should~~UC must notify non-awarded bidders in writing that they were not selected.

## 7. Purchase Agreements:

- a. **Written Purchase Agreements:** Purchase Agreements ~~should~~must be in writing ~~and may be in electronic format with digital signatures.~~
- b. **Inapplicability to Construction and Research Collaboration:** Authority may not be delegated to SCM/Procurement Officials to execute construction and research collaboration agreements, unless limited exception is granted.
- ~~c.~~ **Standard Documents:** Purchase Agreements ~~should use~~must be on the

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

most current version of the UC Template Documents, which UC template documents<sup>3</sup>. UC may be found at <https://sp.ucop.edu/sites/procurement/PPLDT/default.aspx>. ~~Not make changes, deletions, exceptions, or additions may be made to the UC Template Documents, except templates unless those contemplated changes are authorized in the annotated version versions of the appropriate Template Document, without the approval of the templates. The~~ Policy

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<sup>3</sup> See Procurement Services Forms & Policies SharePoint portal for UC templates

- ~~c. Exception Authority, or the Policy Exception Authority's delegate(s)), and, as the Policy Exception Authority deems appropriate, the input of the or designee, in consultation with UC Legal – Office of the General Counsel: (UCL), must approve any changes not authorized in the annotations.~~
- d. Special Documents:** Purchase ~~Agreements~~agreements for goods and services that support research and development work, sub-agreements for research, unusually complex or high-value items or services, or other unusual requirements, may require the use of documents specially created for the purpose. ~~Such Purchase Agreements should be entered into only in consultation with the Procurement/Supply Chain Director and if necessary approval as to form by the Office of General Counsel. UC must consult the P/SCD and UCL before entering into such purchase agreements.~~
- e. Extramural Agreement Provisions:** ~~Use of the standard University Purchase Order and UC must include UC's Terms and Conditions of Purchase is required for (UC T&Cs) with standard purchase orders and sub-contracts~~subcontracts using federal ~~contract and grant funds, but is inappropriate for.~~ Do not use UC T&Cs when issuing sub-awards for research.
- ~~f. **Compliance:** Full compliance with all terms, conditions, and provisions of Purchase Agreements should be secured to the maximum extent practicable. Locations should institute appropriate controls to ensure University rights are not waived, or a Purchase Agreement breached, through inaction or faulty action.~~

## **8. Performance and Acceptance:**

- a. Changes:** ~~After the execution of Purchase Agreements, required~~If an executed purchase agreement must be changed, then UC must negotiate those changes in quantities, specifications, or other terms should be negotiated in such manner as to ensure a way that ensures the amended agreement does not violate the principle of competition is not violated and that any adjustments are equitable or disadvantage UC.
- ~~b. **Receiving and Acceptance:** End~~The end user department is responsible for inspection of purchased goods and services. The department must conduct that ~~should be conducted~~immediately inspection upon receipt or performance ~~(when practical) and reconciling or as quickly thereafter as is feasible.~~ The department must also reconcile discrepancies promptly.
- b. Particular with the supplier.** ~~The end user must take particular care should be taken in when~~ accepting complex products, such as ~~high technology~~complex equipment, and unusual services. ~~Acceptance UC must document acceptance tests or other acceptance criteria should be agreed upon and fully set forth in Purchase Agreement documents. Unless otherwise provided, payment other than agreed progress payments should be withheld until final acceptance. In addition, to avoid unauthorized commitments, care should be taken to properly identify those persons authorized to represent the University and the supplier during performance and acceptance.~~in the purchase agreement for these types of purchases.

**D. Exemptions from ~~the Requirement to Competitively Bid~~Bidding Goods and Services:**

- 1. General Requirements:** The requirement for competitive bidding of goods and services with expenditures in excess of \$100,000 annually may not apply in the following circumstances:

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

- When the ~~Procurement/Supply Chain Director~~P/SCD determines that the goods and/or services are ~~Sole Source Goods~~sole source goods and/or ~~Services~~services,
- The Services are Professional ~~Services~~ or Personal Services,
- There is an ~~Unusual~~unusual or ~~Compelling Urgency~~compelling urgency to obtain the goods or services,
- The procurement takes place through ~~the~~ Small Business First ~~Program~~ (see Section III, Part 3, Subsection C. below for more details)
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-federal entity (in the case of federally funded purchases only), or;
- ~~or After~~If after solicitation of a number of sources, the P/SCD determines competition is ~~determined~~ inadequate.

However, UC Locations are strongly encouraged to seek competition even in cases where the goods and/or services are exempt from the requirement to competitively bid.

**2. Governing Requirements:** ~~In addition to the requirements set forth in this Section, the~~All other requirements governing the purchases of goods and services ~~shall also~~ apply ~~fully to those purchases of goods and/or services that are exempt from the requirement to competitively bid~~competition.

**3. Solicitation of Quotations (or Proposals):**

- a. Pre-Solicitation Investigations:** ~~Prior to~~Before soliciting ~~quotations for goods and/or services that are exempt from non-competitive quotes~~, the ~~requirement to competitively bid~~, the ~~Procurement/Supply Chain Director~~ P/SCD must develop sufficient information on available goods and services to:

- ~~i.~~i. Permit reasonable consideration of alternatives and evaluation of any technical information required to determine that the product or service is exempt from competitive bidding;
- ~~ii.~~ii. Assess the capabilities of potential suppliers;
- ~~iii.~~iii. Aid in design work;
- ~~iv.~~iv. Develop complex specifications;
- ~~v.~~v. Estimate prices/costs, and/or;
- ~~vi.~~vi. Establish time for delivery or performance.

~~Care shall be taken~~P/SCDs must take care to ~~ensure that request~~ reasonable supplier effort ~~is reasonable and that no commitments to avoid making~~ actual or implied ~~are made~~commitments to suppliers while gathering this information.

- b. Specification Development:** ~~Requirements should be adequately specified~~End user departments must write requirements in ~~accepted~~ industry design, performance, or other definitive standard terms, to ensure there is a reasonable basis for securing quotations, ~~forming a sound Purchase Agreement~~, and ~~determining acceptability of~~adding accurate specifications to purchase agreements.



~~goods or services furnished.~~

- c. **Form and Content:** Quotations ~~should~~must be ~~secured or confirmed in writing electronic or written form.~~ The ~~basis upon which the quotation is to be made should be~~end user department must clearly ~~established.~~ Establish the basis for quotes. The ~~buyer must give any~~ information ~~necessary~~needed to prepare and submit ~~quotations should be given~~quotes to all potential suppliers ~~including appropriate provision for negotiation, and any instructions pertaining to.~~ This includes confidentiality, and negotiation requirements.
- d. **Documentation:** The ~~Procurement/Supply Chain Directors~~P/SCDs must use the ~~Source Selection & Price Reasonableness Form~~Source Selection & Price Reasonableness (SSPR) Form for documenting exceptions to competitively bidding goods and services. ~~This document sets forth the facts and rationale justifying the use of other than full and open competition, in accordance with BUS-43 and state laws. The SS&PR form can be found on the Procurement Services' Forms & Policies SharePoint portal:~~  
<https://sp.ucop.edu/sites/procurement/PPLDT/Pages/Federal-Funds-Resources.aspx>

#### 4. Processing Quotations Received:

- a. **Rejection:** ~~All quotations~~UC may ~~be rejected~~reject all quotes when an award will not result in a reasonable price and/or terms. ~~Quotations which the Procurement/Supply Chain Director determines~~The P/SCD may also reject quotes determined to lack technical merit, or that will not otherwise reasonably satisfy ~~the University's~~UC's requirements ~~may be rejected.~~
- b. **Exceptions, Irregularities, and Clerical Errors:** ~~Exceptions taken in quotations, or UC may allow bidders to correct~~ irregularities or clerical errors ~~therein may be negotiated with or corrected by the bidder involved in~~ quotes.

#### 5. Awards of Purchase Contracts:

- a. **General Basis:** ~~Purchase Agreements~~UC may ~~be awarded after determination by award purchase agreements once the Procurement/Supply Chain Director~~P/SCD determines that the supplier is a responsible bidder is Responsible and that the ~~quotation results in~~quote has a reasonable price ~~giving due consideration to overall price, delivery, technical merit, contract terms, and other relevant factors.~~
- b. **Negotiation of Reasonable Prices and Other Terms:** ReasonableUC may negotiate reasonable prices and terms ~~may be negotiated when determined if the P/SCD determines it is~~ appropriate ~~by the Procurement/Supply Chain Director to do so.~~

#### E. Purchase Limitations and Special Requirements:

##### 1. Campus and ~~Laboratory~~LBNL:

- a. **Office of the President Coordination:** ~~Certain matters require coordination~~Local procurement teams must coordinate with the Office of the President ~~consistent with its designated role in Procurement/Supply Chain Management and with Delegations of Authority to the EVP—Chief Financial Officer, the Chancellors, the Vice President~~



University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management

of Agriculture and Natural Resources, and the Laboratory Director. These matters are following matters:

- i. • Transactions subject to approval as exceeding that exceeds delegated authority.

~~exceptions to policy, or involving special commodities which require review prior to purchase.~~

- ~~i.~~ Transactions with the potential for a significant risk, liability, or a high impact indemnification
- ~~ii.~~ Matters which should be reported to the President, such as sensitive policy issues, or those with potential or actual claims or disputes involving significantly large amounts.

~~Such coordination normally should occur through the Local procurement teams must coordinate with Systemwide Office of Procurement Services. Information furnished for this purpose should be in such form and content as these matters. The Chancellor, the Vice President of Agriculture and Natural Resources ANR, or Laboratory Director involved and the Executive Vice President – Chief Financial Officer (or designee) LBNL Director will determine on a format and content required in each case by case basis.~~

**b. Prevailing Wages on Public Works in Excess of \$1,000:**

~~i.1. General Requirements: University of California typically requires that prevailing wages be paid on all Public Works Maintenance projects in excess of \$1,000. Please see the UC Facilities Manual for requirements related to Public Works Construction projects. The California Labor Code provides that contractors may not bid on, or be awarded, a Public Work, or any portion thereof, unless registered with the California Department of Industrial Relations (“DIR”), though an exception exists regarding registration and filing of PWC-100s for maintenance contracts of \$15,000 or less. (NOTE: this is an exception for registration and University filings; it is NOT an exception for the payment of prevailing wage which is required on all contracts in excess of \$1,000.) This Policy~~  
**General Requirements:** UC requires prevailing wages for all public works maintenance projects. BUS-43 applies to Public Works administered by Procurement Services. The UC Facilities Manual governs Public Works administered by Facilities Management.

~~ii.2. Exceptions to the Payment of Prevailing Wage: Only the<sup>4</sup>: The following types of maintenance are examples of categories exempted from the payment of prevailing wage:~~

- ~~A.~~ Exception 1: Janitorial~~Routine janitorial~~ or custodial services ~~as routine, recurring, or usual in nature,~~
- ~~B.~~ Exception 2: Protection of the sort provided by guards, watchmen, or other security forces, or
- ~~C.~~ Exception 3: Landscape maintenance work by “sheltered workshops” where “sheltered workshops” are non-profit organizations licensed by the Chief of the California Department of Labor Standards Enforcement employing

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<sup>4</sup> Exceptions to prevailing wage may be subject to wage and benefit parity requirements under Regents Policy 5402 and Article 5 of AFSCME's EX and SX CBAs.

mentally and/or physically disabled workers.

3. Award Procedures: UC must: ~~(1) include~~

- Include certain mandated language in UC's solicitation and contracting documents; ~~(2) verify~~
- Verify that supplier is registered with the Department of Industrial Relations (DIR); ~~(3) determine~~;
- ~~3.~~ • Determine the date of the prevailing wage determination applicable to the Public Work (i.e., date of award); ~~(4)~~

- ~~inform~~Inform DIR of award by filing a PWC 100 form which can be located on the DIR website; ~~(5) make~~
  - Make available the prevailing wage schedule upon request; and ~~(6) take~~
  - Take action upon receiving a report of a suspected prevailing wage violation.
- c. **Temporary or Supplementary Staffing Agencies:** To ensure compliance with the Federal Patient Protection and Affordable Care Act, UC requires that all contracts with temporary or supplementary staffing agencies contain a provision substantially in the form of the Patient Protection and Affordable Care Act Employer Shared Responsibility article in the UC Terms and Conditions of Purchase.
- d. **Fair Wage/Fair Work:**
- i1. **General Requirements:** ~~University of California requires that Suppliers of Fair Wage/Fair Work Services, including Suppliers of Public Works, providing services at UC Locations must pay a minimum of \$15 per hour to their employees performing the Services no less than the UC Fair Wage: those services<sup>5</sup>.~~
  - i2. **Contracting Procedures:** All contracts for UC Fair Wage/Fair Work Services must contain ~~a provision substantially in the form of the UC Fair Wage/Fair Work Article in the UC Terms and Conditions of Purchase. T&Cs~~
  - i3. **Exceptions:** ~~Any exceptions to this Policy must be approved by the Policy Exception Authority. The Fair Wage/Fair Work provision does not allow PEA must approve any exceptions after a contract has been signed with the sole case of when to BUS-43. End user departments must submit exception requests prior to entering into an agreement for Fair Wage/Fair Work services unless UC determines there is no other alternative provider supplier available within the required time frame. In such cases the Policy Exception Authority PEA must document such approval in writing.~~
  4. ~~Audit: For Services that exceed \$100,000 annually and are not subject to prevailing wage requirements, Supplier will, a) at Supplier's expense, provide an annual independent audit performed by Supplier's independent auditor or independent internal audit department (<http://na.theiia.org/standards-guidance/topics/Pages/Independence-and-Objectivity.aspx>) in compliance with UC's required audit standards and procedures (<https://www.ucop.edu/procurement-services/policies-forms/fww-resources.html>), concerning Supplier's compliance with this provision, and b) ensure that in the case of a UC interim audit, its auditor makes available to UC its UC Fair Wage/Fair Work work papers for the most recently audited time period. Supplier agrees to provide UC with a UC Fair Wage/Fair Work certification annually, in a form acceptable to UC, no later than ninety days after each one year~~

<sup>5</sup> UC may also require suppliers to pay wage and benefit parity to employees if they are providing services covered under Regents Policy 5402 and Article 5 of AFSCME's EX and SX bargaining unit CBAs.

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management

~~anniversary of the agreement's effective date, for the twelve months immediately preceding the anniversary date.~~

~~Please see the Fair Wage Fair Work FAQ's which contains answers to the most common questions related to Fair Wage Fair Work:~~

<https://sp.ucop.edu/sites/procurement/PPLDT/Pages/Fair-Wage-Fair-Work.aspx>

4. **Audit:** Suppliers must agree to provide verification of an independent audit for compliance with Fair Wage/Fair Work for services provided that exceed \$100,000 within a 12 month period. Suppliers must also make available work papers for Fair Wage/Fair Work services when the UC auditor requests them. This does not apply to services subject to prevailing wage requirements<sup>6</sup>.
- e. **Alcohol, Drugs, Hazardous and Radioactive Materials:** Federal and State laws and regulations govern the purchase, control and use of narcotics, dangerous drugs, ethyl alcohol, and radioactive and other hazardous materials. Each UC Location ~~should~~must establish appropriate procedures and controls to ensure compliance with these laws and regulations and with prudent practices in the industry. ~~(See also other appropriate University policies; BUS-2, Tax-Free Alcohol Permits, Records, and Operations and BUS-50, Controlled Substances).~~(See also BUS-2, Tax-Free Alcohol Permits, Records, and Operations and BUS-50, Controlled Substances).
- f. **Product Recall:** ~~To ensure prompt, effective reaction to notices of product recall by any manufacturer or supplier, each~~Each UC Location ~~should~~must establish a procedure that assigns responsibility for notifying the UC Location of ~~the recall, and product recalls. The procedure must identify who is responsible for~~ coordinating and documenting the return, repair, or destruction of the defective products.
- g. **Other Governing Requirements:** ~~Certain requirements of Federal and State laws and regulations, and other authority govern purchases of items such as motor vehicles, protective items, uniforms, carpets, and items of foreign origin. They also deal with related matters such as clean air and water resources, employment of the disabled and non-segregated facilities. The Executive Vice President – Chief Financial Officer (or designee) shall furnish current complete information to each Location who in turn should establish appropriate procedures and controls to ensure compliance.~~ **Letters of Intent:** At times it may be necessary for the ~~Procurement/Supply Chain Director~~P/SCD to issue a letter of intent in advance of a Purchase Order. Since ~~the University~~UC may be legally bound, ~~by~~ the letter, ~~it~~ is subject to the same restrictions and policy requirements as other purchase actions including, but not limited to, the requirements for competition, determination of price reasonableness ~~of price~~, and appropriate administrative approval.
- ~~h. **Incentives:** In general, the Procurement/Supply Chain Director should negotiate quantity or payment discounts in lieu of Supplier incentive payments. However, for Purchase Orders or Purchase Agreements that contain incentive payments, the following procedure should be followed:~~
- h. **Incentives:** Agreements containing incentives must adhere to the following:

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<sup>6</sup> See Procurement Services Forms & Policies SharePoint Portal for more resources on Fair Wage/Fair Work

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

- i. All incentives must be identified as such and listed in the Purchase Order or Purchase Agreement. The ~~Procurement/Supply Chain Director should~~P/SCD must include the value of the incentive payment when determining price reasonableness.
- ii. Incentives ~~should~~must be returned to the University as cash rather than credits to make additional purchases ~~;~~ whenever feasible. If the Purchase Order or Purchase Agreement only provides for incentive credits, ~~which is strongly discouraged, then the UC location must use~~ such credits ~~held by suppliers should as soon as possible. The credits must~~ be ~~minimized by utilizing them promptly used~~ to purchase needed goods and services for the ~~University~~ program or activity that generated the ~~credit~~credits.

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

- iii. • Patronage and earned incentive checks ~~should~~must be made payable to The Regents of the University of California and remitted to the appropriate Location office as determined by ~~Procurement Services at the Office of the President, for Locations to use in support of Strategic Sourcing.~~Systemwide Procurement.
- iv. • All incentives and discounts ~~not reflected in the sales price, allowances, or similar payments received from Suppliers but that are~~ based ~~upon either~~on the volume (sales, transactions, quantities, dollars, or any other similar measure) of goods and services ~~directly provided by those Suppliers, or based upon~~on prompt payment for goods and services ~~directly provided by those Suppliers~~ must be credited back in a timely manner to the Federal Sponsor or Federal flow-through source account/fund, or to the sponsoring or cognizant agency, that was directly charged or recharged for the original purchase ~~from the Supplier.~~
- v. • ~~Use of incentives should be tracked and monitored by the~~The University program or activity receiving the incentive ~~must track the use of incentives.~~

**2. Campuses Only:**

- a. **Purchasing Goods that Require Installation:** ~~The purchase of goods and its~~UC must include installation ~~usually should be handled in a single contract with the installation contractor supplying same agreement as the goods. The Purchase Agreement should be processed according to purchased goods whenever feasible. See the UC Facilities Manual for procedures set forth in the University Facilities Manual with appropriate on processing these agreements and guidelines on provisions included to govern~~include in the goods being purchased ~~agreements.~~
- b. There may be instances where ~~handling the purchase of goods and its installation as it benefits UC to use~~ separate transactions ~~is of benefit to the University. To determine whether or not separate transactions are advantageous to the University, for the purchases of goods and their installation. UC must consider the following factors should be considered: when deciding to use separate transactions:~~
  - i. • Time, cost, and supplier requirements;
  - ii. • Warranty issues; ~~or~~
  - iii. • Installation by UC craft labor (depending upon the dollar amount), or
    - Whether or not the installation involves the erection, construction, alteration, repair, or improvement of any University structure; ~~or whether~~
  - iv. • ~~Whether~~ or not the State of California requires a contractor to have an active, valid license in order to perform the work.
- ~~c. Whenever an activity will cost more than \$50,000 and require a California Contractor's license, consult the University Facilities Manual, UCOP Construction Services, or UCOP Facilities Management to determine what type of Purchase Agreement, Purchase Order or Construction Contract is appropriate.~~
- c. **Building Alterations:** ~~No Purchase Orders shall be placed for requests which~~If the purchase will cost more than \$50,000, then consult UC Facilities Manual or UCOP Facilities Management Asset Management and Physical Planning Procedures and Guidelines to determine what type of purchase agreement, purchase order, or



- d. The UC location's facilities management department must approve all purchase orders that involve alterations to buildings, or installations ~~which~~that affect the nature of a building, ~~without approval by the campus Facilities Management Department.~~

**F. Resolution of Controversies over the Solicitation or Award of a Contract:**

1. **Authority of the Escalation Authority:** The Escalation Authority ~~shall have~~has authority to resolve protests and other controversies of actual or prospective bidders regarding the solicitation or award of an agreement or contract.
2. **Filing of Protest:** Any actual or prospective bidder who has a complaint regarding the solicitation or award of an agreement ~~should~~must first attempt to resolve the grievance with the ~~Buyer, Commodity Manager, Procurement/Supply Chain Director~~procurement or supply chain professional, P/SCD, or other University Contracting Officer involved in the transaction. If the controversy over the solicitation or award of an agreement cannot be resolved at this level, the complainant may file a protest with the Escalation Authority. A protest must be filed promptly and in any event within two calendar weeks after such complainant knows or should have known ~~of the facts~~ giving rise thereto for initiating a protest. All protests must be in writing.
3. **Decision:** The Escalation Authority ~~shall~~must appoint one or more individuals to investigate the issues involved in the protest, analyze the findings, consult as appropriate with ~~the Office of General Counsel~~UCL, and promptly issue a decision in writing. A copy of that decision ~~should~~must be furnished to the aggrieved party, and the decision must state the reasons for the action taken.
4. **Effect of a Protest:** In the event of a ~~protest~~ timely filed, ~~the University should~~ protest, UC may not proceed further with the solicitation or award involved until the protest is resolved or withdrawn ~~unless~~. After evaluating the protest, the Escalation Authority ~~consults~~may, in consultation with ~~the Office of General Counsel and makes a written and adequately supported determination~~UCL, decide that ~~continuation of~~continuing the procurement is necessary to protect substantial interests of ~~the University~~UC. The Escalation Authority must issue this determination in writing and include the reasons for continuing with the procurement.
5. **Unresolved Controversies:** The ~~Office of General Counsel should be consulted concerning~~ Escalation Authority must consult UCL if there are potential or actual claims or disputes ~~which that~~ cannot ~~reasonably~~ be settled in a fair and equitable manner ~~through using the administrative process described above~~ required escalation path.

**G. Public Records Requests:**

1. **Governing Requirements:** Third parties may request records relating to any University transaction. The ~~Procurement/Supply Chain Director should~~ P/SCD must immediately forward such requests to the ~~Location's~~ Public Records or Information Practices Coordinator, and work with that office in producing records as appropriate. Where records are requested during the course of a procurement process or after an RFP has been cancelled, UC Locations and Information Practices Coordinators ~~should~~must consult with ~~the Office of General Counsel~~UCL before releasing responsive records. In many circumstances, there are legal exemptions to protect records from disclosure during the period prior to final award.

**H. Unauthorized Purchases:**

- ~~1.~~ **Responsibility:** An individual who has not been delegated purchasing authority

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management

and who makes an unauthorized purchase of goods or services ~~shall be~~is  
financially responsible

~~for payment of the charges incurred. At the discretion of the Location's Policy Exception Authority:~~

1. The ~~the~~ unauthorized individual may be required ~~transaction~~. The PEA may choose any of the following:

- Require the unauthorized individual to cancel the transaction and pay any cancellation charges
- a. ~~Require the unauthorized individual~~ to pay either the full amount ~~whenever~~ the purchase is found ~~amount~~ to cover ~~unneeded items or~~ items whose purchase would not otherwise be authorized ~~and the transaction cannot be canceled, or the amount of any cancellation charges incurred when cancellation can be arranged; or.~~
- b. ~~The~~ Require the unauthorized individual ~~may be required~~ to pay the difference between the charges ~~such individual~~ incurred and ~~those the~~ University charges UC may reasonably have incurred ~~if the purchase had been for a properly executed authorized purchase~~
- c. ~~The~~ Require the unauthorized individual ~~may be required~~ to personally reimburse ~~the University UC~~ for unauthorized purchase of good or services.
- d. ~~Reimbursement or payment of unauthorized purchases require policy exception by a location's policy exception authority and/or designee(s).~~

#### **I. Low-Value Purchases:**

**1. Policy:** UC Locations ~~are encouraged to~~ may develop methods for reducing costs of executing low-value purchases. Such methods ~~shall~~ must establish definite dollar limits of use and ~~shall~~ must require compliance with ~~basic~~ purchasing policies and requirements.

**2. ~~Low-Value Purchase Authorization:~~** ~~Each Location determines its Low-Value Purchase Authorization limit amount. All purchases under this limit may be executed by Campus Personnel designated by each Department. The Campus Procurement Department is responsible for ensuring that training is available to all employees who will have this authorization~~ P/SCDs may authorize individuals in departments outside the purchasing department to make low-value purchases. Each delegation of authority must be in writing and must contain written guidance adequate to ensure observance of good business practices and as well as compliance with University Purchasing Policy UC purchasing policy. The following shall be observed in administering P/SCD at each UC Location determines its Low-Value Purchase Authorization:

**2. The limit** ~~amount the individual is authorized to spend shall not exceed, and~~ the amount determined by the local Procurement Office, ~~but shall~~ must not exceed \$10,000 per individual transaction ~~(and an anticipated or \$100,000 per supplier per year) with the following criteria: Designated individuals may execute all purchases under this limit for each department. The P/SCD must ensure that all such authorized individuals are trained in compliance with UC Policy and good business practices.~~

In addition, the following apply:

- Individuals delegated ~~such~~ purchasing authority ~~shall~~ have a functional

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

responsibility<sup>7</sup> to the ~~Procurement/Supply Chain Director who shall ensure that all purchasing policies and procedures are followed and that the~~P/SCD;

- ~~a. — Authorized individuals receive the training and instruction the Procurement/Supply Chain Director deems necessary so that activity is conducted in accordance with University policies;~~
- ~~Purchases shall be limited~~must limit purchase to goods and services not available either in UC inventory;
- ~~b. ● Authorized individuals must purchase through campus or Laboratory stores or through local or Strategic Sourcing Agreements, and to repairs not available internally or through strategically sourced agreements, including eProcurement, when available. Authorized individuals must also use established maintenance agreements or internal resources when available for repairs;~~

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<sup>7</sup> A functional reporting relationship is established when contracting duties are allocated a dedicated % effort on an individual's job description

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

- ~~c.~~ Transactions ~~shall~~must specifically prohibit purchases of goods determined inappropriate by the ~~Procurement/Supply Chain Director~~P/SCD. Examples are inventorial equipment (~~Business and Finance Bulletin~~ BUS- 29, Management and Control of University Equipment); specially controlled items such as ethyl alcohol (~~Business and Finance Bulletin~~ BUS-2, Tax- Free Alcohol Permits, Records, and Operations); narcotics and dangerous drugs (~~Business and Finance Bulletin~~ BUS 50, Controlled Substances Program Best Practices Guide); firearms, precious metals, explosives, and other hazardous materials; and Consulting Services;
- ~~d.~~ Transactions ~~shall~~Authorized individuals must not ~~be~~ artificially ~~divided~~divide purchase transactions to ~~falsely create multiple small Purchase Orders under~~avoid the authorization limit; and,
- ~~e.~~ ~~Periodic appraisals shall be conducted by internal~~Internal auditors ~~cognizant of Procurement Policy~~familiar with procurement policy, or ~~by an appropriate designee of the Procurement/Supply Chain Director~~, must conduct periodic appraisals to ensure ~~proper performance under this authorization and to~~authorized individuals are complying with UC purchasing policy. These appraisals may provide a basis for adjusting or discontinuing ~~the an individual's~~ an individual's authorization ~~for specific individuals as the audit findings indicate.~~
- ~~f.~~ Check with your local ~~Procurement Office~~procurement team for more information regarding this section.

**3. Purchasing Authority Outside of the Procurement Department:** The ~~Procurement/Supply Chain Director~~P/SCD may ~~provided~~delegate additional ~~delegated~~ purchasing authority to individuals outside the Purchasing Department, under the following conditions:

- a. Qualifying departments ~~shall~~must have an historical level of purchase activity sufficient to ensure, ~~in the judgment of the Procurement/Supply Chain Director~~ that a higher level of authority will result in more cost effective procurement.
- b. Qualifying departments have ~~prepared~~ written procedures for implementing the ~~proposed~~increased delegation of ~~increased~~ authority, and the P/SCD has approved these procedures ~~have been approved by the Procurement/Supply Chain Director;~~
- c. Individuals delegated such additional purchasing authority have a functional responsibility to the ~~Procurement/Supply Chain Director who shall~~P/SCD. The P/SCD must ensure that all purchasing activity is conducted in accordance with University policies and procedures ~~and~~. The P/SCD must also ensure that ~~such~~the authorized individuals ~~have had the training and instruction the Procurement/Supply Chain Director deems necessary~~are trained in compliance with UC policies in order to dischargeeffectively use the increased authority ~~effectively;~~
- d. ~~A functional reporting relationship is established when contracting duties are allocated a dedicated % effort on an individual's job description. Further, as a condition of the delegation, the individual will attend meetings and training sessions as required by the CPO or designee. The CPO/P/SCD or designee may periodically audit the individual's contracts and supporting documentation. If the P/SCD finds issues are noted, a corrective action plan with the contracts or documentation, then the P/SCD may be developed~~work with the ~~individual's~~individual's primary

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

supervisor. If to develop a corrective action plan. The P/SCD must revoke the individual's authorization if issues persist ~~the individual's delegation will be revoked.~~;

- e. The amount of additional authority ~~shall~~must not exceed the ~~competitive bidding levels described in Section 1/Purchase Transactions, and, \$100,000 threshold for competition;~~
  - f. Any such delegation ~~shall~~must specifically prohibit purchases of goods and services determined inappropriate by the ~~Procurement/Supply Chain Director.P/SCD.~~ Examples are inventorial equipment (~~Business and Finance Bulletin-BUS 29,~~ Management and Control of University Equipment); specially controlled items such as ethyl alcohol (~~Business and Finance Bulletin-BUS 2,~~ Tax-Free Alcohol Permits, Records, and Operations); narcotics and dangerous drugs (~~Business and Finance Bulletin-BUS 50,~~ Controlled Substances Program); firearms, precious metals, explosives, and other hazardous materials; and Professional Services, including Consulting Services.
4. **Exceptions:** The ~~Procurement/Supply Chain DirectorP/SCD~~ may grant exceptions, ~~on a single transaction basis in advance of purchase,~~ as to dollar amount and items to be purchased when notified by the responsible official that an emergency situation exists. The exception must be on a transaction by transaction basis.

**J. Personal Purchases:**

- 1. **Policy:** ~~University~~Individuals must not use UC credit, purchasing power, facilities, and services ~~shall not be used~~ to purchase goods or services for individuals or for non-~~UniversityUC~~ activities ~~except where a University program has been approved by a University. A UC administrator with the appropriate delegated authority, and in consultation with advice as appropriate from the Office of General Counsel.UCL, may approve any such purchases if they are for a UC program.~~
- 2. **Discretionary Use:** ~~OrganizationsIf the Chancellor approves, then organizations~~ and activities closely allied to or officially associated with ~~the UniversityUC~~ (such as a faculty club or an ASUC organization) ~~with the approval of the Chancellor may be permitted to may~~ purchase materials not subject to federal tax through ~~the Location's Procurement/Supply Chain Management/Procurement Office.their local procurement team.~~

**K. Debarment:**

~~The UniversityUC~~ may debar a Supplier from doing business with ~~the UniversityUC~~ by providing the Supplier with written notice stating ~~i) the;~~

- The reasons that ~~the UniversityUC~~ intends to debar the Supplier; ~~ii) the~~
- The length of time for the intended debarment; and ~~iii) the~~
- The time frame in which the Supplier must respond if the Supplier disputes ~~the University'sUC's~~ rationale for debarment.

~~1.The length of time for the intended default~~ debarment period is three (3) years but may vary according to the ~~circumstance, but generally would be three years. The length of time for the circumstances. The Supplier has two (2) weeks~~ to respond to the notice of intended debarment ~~may vary according to the circumstance, but generally would be two weeks.~~ The University. UC will review any Supplier response to the debarment notice and inform



University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

the Supplier of ~~the University's~~UC's disposition of the matter. UC Locations are encouraged to consult with the ~~Office of General Counsel~~UCL in this regard.

**Part 2: Strategic Sourcing Initiative:**

**Policy:** It is ~~the~~UC's policy ~~of the University of California to seek to satisfy its needs at the lowest overall total cost with the optimal qualitative requirements fulfilled through to use~~ planned, quantity purchasing. to support its mission of education, research, and public service. To this

**A.** ~~end, UC must use~~ regional and ~~University-wide pool/systemwide~~ purchases, strategically ~~sourced commodity/source~~ agreements, and price schedules ~~should be utilized~~ to the maximum ~~practicable~~ extent: feasible.

**A. Guidelines:**

- 1. Economic Advantage:** The major emphasis of the Strategic Sourcing Initiative is economic benefit to ~~the University. Both UC. UC must consider both~~ administrative cost avoidance (a reduction of internal administrative costs)), cost savings (a reduction of cost for purchase such as a discount on price), and price avoidance (a reduction of ~~the~~ price increases ~~offer~~ the commodity) ~~should be considered~~ in determining economic advantage.
- 2. Agreement Practicality:** ~~Agreements should be established when either UC may establish strategically sourced agreements when~~ administrative cost avoidance ~~and/or,~~ price avoidance, and/or cost savings can be achieved ~~and if~~ the ~~Responsible Official/responsible official~~ has determined that ~~Location~~ utilization and estimated dollar value are sufficient to justify the establishment of such an agreement. ~~The~~
  - 2.** For systemwide agreements, the cost/price reductions ~~should~~must be greater than could be obtained by an individual campus ~~and should~~. The cost/price reductions must also exceed the cost of administering the agreement ~~or as well as~~ the aggregate costs of individual campus purchase actions.
- 3. Goods and Service Acceptability:** ~~Goods~~The goods and services ~~must be generally acceptable to the using departments or campuses, as determined by the purchased through a strategically sourced agreement must meet the same quality standards as any other purchase agreement for those goods and services. The~~ Commodity Manager, ~~based on~~ must take into consideration information received/gathered from the Procurement/Supply Chain Directors/local procurement teams and/or end user departments when determining requirements.
- 4. Laboratory/Lawrence Berkeley National Lab (LBNL) Participation:** The prime contracts which govern ~~Laboratory~~LBNL operations require the use of certain government sources not generally available to the campuses. ~~When LBNL may use strategic sourcing agreements when they~~ are cost effective and there is no conflict with federal requirements, ~~Strategic Sourcing Agreements may be used by the Laboratory.~~

**B. State Supply Schedules and Contracts:**

- 1. Evaluation and Designation:** Commodity Managers ~~shall evaluate~~must consult with appropriate subject matter experts when evaluating state supply schedules and contracts ~~and, with concurrence of participating campuses and the Director of Procurement/Supply Chain Management, designate those which prove to be advantageous as commodity for use in strategically sourced~~ agreements or price schedules. ~~When so designated, The Commodity Managers must comply with BUS-43 when using California Multiple Award Schedules (CMAS) and contracts shall be utilized in accordance with this Bulletin.~~
- 2. Liaison with State Procurement Office:** The Associate Vice President and Chief Procurement Officer - Procurement Services and the UC Health Chief Procurement Officer may represent ~~the University~~UC in its relations with the State Procurement Office, Department of General Services to secure mutually beneficial supply agreements.

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

ReportsCommodity Managers may make reports and suggestions regarding state supply schedules or contracts ~~shall be made~~ to the Associate Vice President and Chief Procurement Officer-Procurement Services ~~through the Commodity Managers~~.

**Part 3: Supplier Diversity and Federal Planning and Reporting:**

~~A. **Summary:** The mission of the University of California is to support teaching, research, and public services in a cost-effective manner which best serve the~~

~~interests of the people of California.~~

**A. Policy:** This section ~~of the Policy~~ describes the responsibilities and procedures that each University location must establish and maintain to ensure that no firm seeking to do business with ~~the University shall be~~ UC is discriminated against on a basis prohibited by law or ~~University~~ UC policy (“(prohibited basis”)-). This section ~~of the Policy~~ also describes the steps that ~~the University takes to make~~ UC must take for a good faith effort to comply with all state and federal laws, regulations, and policies on non-discrimination.

**~~B. Policy:~~**

1. ~~It is University of California policy that no~~ UC must not discriminate against any firm seeking to do business with ~~the University shall be discriminated against on a prohibited basis~~ UC.
2. ~~The University~~ UC recognizes that it has a responsibility to provide procurement opportunities to a diverse supplier pool<sup>8</sup> as stated in the “[Principles and Standards of Ethical Supply Management Conduct](#),”<sup>2</sup> and the “[Principles of Sustainability and Social Responsibility](#),”<sup>1</sup> which are standards of practice derived from [The Institute of Supply Management \(ISM\)](#) and the Code of Ethics of the [National Association of Educational Procurement \(NAEP\)](#).

~~**Diversity and Inclusiveness**—Supply Base. Supply base diversity and inclusiveness refers to efforts to engage different categories of suppliers in sourcing processes and decisions.~~

3. ~~The University seeks to dedicate an appropriate~~ subcontracting plans for specific federal contracts regarding goals for dedicating a portion of the ~~University’s~~ UC’s business to small, diverse, and disadvantaged businesses through. UC may use outreach programs and supplier fairs, ~~and is committed to maintaining the stated goals to promote these goals. Each UC Location must develop supplier diversity plans. These plans must include reporting requirements as required by:~~
  - a. The extramural funding requirements and,
  - b. The Subcontracting Plans for specific federal contracts.
- 4.3. ~~As outlined in the University of California Contracts and Grants Manual, each Location is responsible for developing plans for their campus, medical center, or Laboratory. (Please see Section V, Procedures for more details about these requirements.) The University complies with applicable UC Sustainable Practices Policy as well as steps for complying with supplier diversity goals and applicable state and federal policies including the items listed in Section II/Definitions.~~

**~~C.B. Small Business First Program:~~** ~~The University of California spends billions of dollars each year procuring goods and services. The UC Sustainable Practices Policy~~ **(Small Business**

<sup>8</sup> Supply base diversity and inclusiveness refers to efforts to engage different categories of suppliers in sourcing processes and decisions.

**University of California – Policy BFB-BUS-43**

**BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management**

**First:** <https://policy.ucop.edu/doc/3100155/SustainablePractices> UC Sustainable Practices Policy) ~~establishes~~ includes the goal of awarding 25% Economically and Socially Responsible (EaSR) spend annually to small and diverse owned businesses. ~~California Public Contract Code Section 10508.5~~ In addition, the PCC allows the University UC to limit competition and award purchase agreements valued up to \$250,000 to a certified small business (SBE)<sup>9</sup> or disabled veteran owned business (DVBE) In support of these goals, UC has established the following Small Business First (SB First) policy, effective March 1, 2021: ~~\$250,000 to a certified small business without being competitively bid, so long as the UC obtains price quotations from two or more certified small businesses. In support of these goals, the University has established the following Small Business First policy, effective as of September 1, 2020.~~

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<sup>9</sup> Any reference to certified Small Businesses includes certified Microbusinesses (MB).

1. **General Requirements:** ~~For the purchase of~~When purchasing goods and/or services valued between \$10,000-~~\$~~ and \$250,000 annually, ~~that cannot already be procured via existing strategically sourced agreements, the University~~UC must first seek to award these procurements to a certified ~~Small Business (SB) or Disabled Veteran Business Enterprise (DVBE).~~SBE or DVBE.

~~To purchase~~the goods and/or services are valued between \$10,000-~~\$~~ and \$100,000 annually, ~~the University~~then UC must ~~only~~ obtain one (1) quote from either a certified ~~Small Businesses or Disabled Veteran Business Enterprise.~~ SBE or DVBE. UC must obtain at least two (2) quotes from SBEs or DVBEs if the goods and/or services are valued between \$100,000-~~\$~~ and \$250,000 annually, ~~the University must obtain at least two (2) quotes from certified Small Businesses or Disabled Veteran Business Enterprises.~~

~~No later than March 1, 2021, the University shall be in full compliance with this Small Business First policy.~~

~~Note: Any reference to certified Small Businesses includes certified Microbusinesses (MB).~~

Businesses must be certified by the ~~California Department of General Services Office of Small Business and DVBE Services~~ (California Department of General Services Office of Small Business and DVBE Services (OSDS)<sup>10</sup> or other accepted certifying agency as listed ~~on~~in the ~~Small Business~~SB First Program page ~~(section of the~~ <https://www.ucop.edu/procurement-services/for-ucstaff/small-business-first/index.html> ~~Procurement Services website).~~ The ~~Small Business~~SB First program ~~page~~section also outlines procedures for procuring goods and/or services through the ~~program~~SB First.

2. **Small Business First Waiver:** There are instances where the procurement method described above may not be ~~practicable~~feasible, or when contracting with businesses other than a certified ~~SB, MB~~SBE, or DVBE is justified. Examples include, but are not limited to:
  - a. Industries where at least two (2) ~~SBs (including MBs)~~SBEs or two (2) DVBEs are not available, or
  - b. Business needs that dictate requirements that cannot be met by a ~~SB, MB~~SBE, or DVBE.

For situations such as these, the ~~Small Business~~PEA must approve a ~~SB~~ First Waiver, ~~located on the UCOP Procurement – Systemwide Forms & Documents page~~ (<https://www.ucop.edu/procurement-services/for-ucstaff/small-business-first/index.html>), must be approved by the appropriate Policy Exception Authority, or their designee, waiver prior to making a purchase or ~~establishing a contract~~entering into an agreement with a ~~company that~~supplier who is not a ~~SB, MB~~, certified as an ~~SBE~~ or DVBE. ~~Should the responsible purchasing individual determine that a waiver to this policy will need to~~

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<sup>10</sup> State of California's certifying agency that administers the small business, public works small business, and DVBE certification programs.

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

~~be requested, it is advised that they contact their campuses~~ Individuals must consult their local Small Business Officer prior to requesting a waiver, releasing a solicitation, or requesting a quote to ensure that they have taken all reasonable ~~efforts have otherwise been taken to make an actions to~~ award the procurement to an ~~SB, MBSBE~~ or DVBE, and that the subsequent waiver includes proper justification for the request.

Waivers must clearly document the steps taken and research completed to sufficiently justify ~~an award to a non SB, MB, or DVBE. Waivers must be~~

~~maintained~~exemption from SB First. Local procurement teams must ensure that ~~waivers are stored~~ in the relevant procurement file ~~which is subject to audit for compliance with this policy and must also be and~~ maintained per ~~standard University~~UC retention policy. ~~Waivers must also be available if the file is audited for compliance with SB First.~~

- 3. Program Exemptions:** The following purchase and/or agreement types are exempt from the Small Business First policy and do not require a waiver: ~~interagency, federal government, research sub-awards, local government, higher education institutions, concessions, revenue/reimbursement contracts, medical and patient care, statutorily exempt, policy exempt, emergency, local assistance/subvention, and proprietary contracts.~~

- ~~The Small Business~~Strategically sourced agreements
- Federally funded procurements,
- Research sub-awards,
- Local government awards,
- Agreements with higher education institutions,
- Revenue/reimbursement contracts,
- Medical and patient care agreements,
- Agreements needed to respond to an emergency, and
- Sole source agreements

~~SB First program~~ does not apply to circumstances where ~~Federal, federal and~~ grant, ~~court decision, or court order~~ requirements, court decisions, or courts orders dictate how funds can be expended.

~~All contracting associated with construction is governed by the UC Facilities Manual and the associated policies and templates therein.~~

- 4.C. Governing Requirements:** All other University, State, and Federal requirements governing the purchase of goods and services ~~will~~ apply to the Small Business First Program.

#### **Part 4: Personal Property/Special Acquisitions: ~~This part of the~~**

**Policy** ~~describes factors to be considered and requirements to be met in acquisitions, or leases or Conditional Sales Contracts, of personal property by the University.~~

- A.** ~~University acquisitions of personal property by:~~ If using external financial loans to ~~The~~the Regents ~~are covered by~~for purchasing personal property, then UC must follow Capital Markets Finance guidelines. For any other agreements for personal property (procurement contracts, leases, or conditional sales contracts), the following apply:

##### **A. Governing Requirements:**

- 1. Availability of Funds:** ~~Personal~~UC may only acquire personal property ~~shall be acquired only~~ when there is an established fund source or The Regents' approval has been secured. When funds are available for only a limited time, such as State funds



BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

appropriated on an annual basis, procurement contracts ~~for acquisitions shall~~must provide for cancellation and return of property ~~should funds not continue to be if funding is no longer~~ available. In no case ~~shall~~may the general credit of The Regents be pledged as security.

2. **Contract Period:** ~~Acquisition of Procurement contracts for~~ personal property ~~by any method defined herein should~~must provide for a contract period that is equal to, or less than, the useful life indicated in ~~the University~~UC Useful Life Schedule. The schedule is available from campus Equipment Management units ~~or the office of the Director- Procurement/Supply Chain Management.~~

**3. Capital Markets Finance:**

- a.3. Capital Markets Finance ~~shall~~must approve, ~~prior to award,~~ the rate or interest factor in leases greater than \$50,000, ~~and shall be~~ before they are awarded. Capital Markets Finance is responsible for conducting the tax due diligence for all tax-exempt leases.

4. **Policy Compliance:** ~~Contracts~~Procurement contracts for ~~acquiring~~ personal property ~~by any method defined herein shall be entered into only when,~~ pursuant to University policy,

~~4. must meet~~ requirements for competition ~~have been met, any negotiations have been conducted according to, and UC must follow~~ established guidelines, ~~rates or prices to be paid are determined by the Procurement/Supply Chain Director for any negotiations. The P/SCD, or designee to be, must determine that rates or prices in the agreement are reasonable in the particular circumstances, and approval as to form has been secured as necessary.~~

5. **University-wide**~~Systemwide~~ **Acquisitions:** ~~When an office of University-wide Administration initiates an acquisition of the type defined herein, the procedures UC must follow locally established by the campus at which the particular procedures for systemwide personal property acquisitions. These local procedures will be determined by the UC location where the systemwide program is headquartered shall be followed.~~ If the procedures established by the campus indicate that such acquisition must be approved by the local procedures require Chancellor approval of these acquisitions, then the President, ~~for his/her staff, or members of the President's Cabinet, for their respective staffs,~~ must approve ~~the acquisition~~ personal property acquisitions for the systemwide program.

B. **Reimbursement Declaration:** Whenever ~~the University~~ UC intends to make an expenditure of capital funds and repay the expenditure at a later date by entering into a lease-purchase or similar agreement, it must execute and file a Declaration of Official Intent of The Regents of the University of California to Reimburse Certain Expenditures from proceeds of Taxable or Tax-Exempt Indebtedness.

If a ~~campus~~ UC Location anticipates that an expenditure of capital funds will later be converted to a lease or similar agreement, ~~then that UC Location must follow the procedures outlined in the Delegation of Authority-Declaration of Intent to Reimburse Capital Expenditures from Proceeds of Indebtedness (DA 2055), must be followed.~~

C. **Reports:** Locations must report to the Assistant Vice President, Financial Services and Controls, all personal property acquisitions funded by lease- purchase agreements or Conditional Sales Contracts for inclusion in ~~the University's~~ UC's Financial Position Report.

#### **Part 5: Employee-Supplier Relationships:**

A. **Purpose:** ~~This Policy:~~ Part 5 sets forth special limitations and requirements ~~covering acquisition of goods or services by the University, when the transaction involves for procurement transactions that involve an employee-Supplier~~ supplier relationship, ~~as opposed to an. PPSM-82 (Conflict of Interest), and other Human Resource policies, govern employer-employee~~ relationships.

A.B. **Employee-supplier relationship** ~~(as defined above in Section II). Employer:~~ An employee ~~relationships are governed by appropriate Human Resource rules, including Personnel Policy 82 – Conflict of Interest.~~ supplier relationship includes any of the following:

- An employee, acting alone, proposes for a consideration to lease or sell goods or to provide services to University of California departments; or
- An employee who owns or controls more than 10% interest in any business which proposes for a consideration to lease or sell goods or to provide services to University of California departments; or

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

- A former employee acting alone, proposes for a consideration to lease or sell goods or to provide services to University departments; or

**B. The near relative of an employee, acting alone, proposes for a consideration to lease or sell goods or to provide services to University departments, when the employee has, in any connections with Basic Policies:**

- their University employment, any responsibility for or will be involved in any manner, in the department's decision to accomplish or approve the transactions; or
- The near relative of an employee owns or controls more than a 10% interest in a business, which proposes for a consideration to lease or sell goods or to provide services to University departments, when the employee has, in any connection with their University employment, any responsibility for or will be involved in any manner in the department's decision to accomplish or approve the transactions

**4.C. Separation of Interests: It is the policy of the University to UC must keep separate an employee's University and private interests, and in order to safeguard the University of California UC and its employees from charges of favoritism in the acquisition of goods and services.**

**2.1. Conflict of Interest: The California Political Reform Act and California Government Code Section 81000-81016 prohibit an employee from making or participating in the making of a decision if there is a financial conflict of interest. Requirements governing such decision making are set forth in the University Conflict of Interest Code and must be observed when the University purchases they have a personal financial interest. UC must comply with University Conflict of Interest Code as well as PPSM-82 (Conflict of Interest) when purchasing goods and services.**

**3.2. Restrictions on Purchases/Leases/Contracts: The following rules apply when there is an employee-Suppliersupplier relationship (as defined above in Section II):**

- a. Employee:** ~~No UC may not enter into a purchase or lease of goods or contract for services may be made agreement~~ with a University UC employee who has an employee-Suppliersupplier relationship, ~~as defined in Section II, above.~~ However, ~~the University UC~~ may enter into ~~a contract for goods or services an agreement~~ with an employee who has teaching or research responsibilities, or with a student employee, ~~provided that~~
- i) a.** ~~the Procurement/Supply Chain Director if the P/SCD (or designee) has made a specific determination determines~~ that the goods or services are not available ~~either from commercial sources or from within the University UC.~~
- b. Former Employee:** ~~The University UC~~ may not purchase ~~or~~ lease goods from, or contract for services with, any former employee ~~who has an employee-Supplier relationship as defined in Section II, above, (including on those who has had teaching or research responsibilities, when:~~
- i. b.** ~~Less than two years' time has elapsed since the individual separated from University employment, and the individual had been engaged in) if any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract during the period of employment; or following apply:~~
  - ~~Less than one year's time has elapsed since the individual separated from~~

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

~~University employment, and the individual had been employed by a department in~~  
~~a~~ The former employee left UC less than two years ago, and the former  
employee, while at UC, participated in the decision-making process relevant to  
selecting the supplier. This includes engaging in negotiations, making  
procurement transactions, or planning for purchases.

- ii. • The former employee left UC less than one year (12 months) ago, and the former  
employee had policy-making position in responsibilities for the same general  
subject area as the proposed contract agreement while at UC.

~~Notwithstanding the foregoing provisions of paragraphs i. and ii., the University UC~~  
~~may enter into a contract for services with a retiree immediately following upon~~  
~~retirement if the retiree, while employed at UC, did not participate in any way while~~  
~~serving as an employee, in the decision-making of process to select the contract for~~  
~~services. The post-employment UC must abide by the restrictions in paragraphs i.~~  
~~and ii., however, apply to any former University of California employee, including a~~  
~~retiree, when noted above for former UC employees if the retiree proposes to sell or~~  
~~lease goods to the University UC.~~

- ~~c. —~~ **Near Relative:** ~~Near Relative: It is University policy to separate an~~  
~~employee's University and private interests, and to safeguard the~~  
~~University and its employees against charges of favoritism in the purchase~~  
~~of goods and services. The University UC may purchase or, lease goods~~  
~~from, or purchase services with the near relative of any employee,~~  
~~provided that the Procurement/Supply Chain Director P/SCD or designee~~  
~~has made a specific determination determines~~ that the goods or services  
are not available from ~~the University's UC's~~ own facilities, and that the  
employee: does not have, or has not had any responsibility for, or will be  
involved in any manner, participated in the department's decision to  
accomplish or approve making process for selecting the transaction(s);  
and,

~~c. does supplier. The employee also must~~ not have a personal financial interest in the ~~procurement transaction, or does and must~~ not own or control more than a 10% interest in the ~~proposed supplier's business which proposes to lease or sell goods or to provide services to the University.~~

**4.3. Inspection and Verification of Supplier Status:** Whenever it becomes necessary to ensure an understanding of the facts presented, the ~~Policy Exception Authority~~ PEA (or designee) must inspect the business premises and records of a prospective employee-~~Suppliers~~ supplier or a near-relative ~~Suppliers~~ supplier.

**5.4. Exceptions:** Within constraints imposed by the Political Reform Act and Public Contract Code §§10515 et seq., each Executing Official or designee is delegated authority to approve exceptions to ~~this Policy~~ BUS-S43 under unusual or extenuating circumstances.

**G.D. Certification Requirement:**

**1. Circumstances Requiring Certification:** ~~A University of California employee, former employee, or the near relative of~~ Any individual defined as having an employee-supplier relationship with UC must ~~submit~~ include a written and signed certification ~~conforming to the stating they comply with the above~~ requirements of ~~Section III B. and C. with as part of~~ any quotation or proposal to ~~the University~~ UC.

**2. Contents:** The certification statement must:

- a. Indicate ~~the University~~ UC department(s) and position(s) of the UC employee-~~Supplier~~. In addition, ~~a former employee~~ employees must state the date ~~of his or her separation from the University~~ they left UC employment.
- b. Disclose the employee's, former employee's, or employee's near-relative's financial interest in the proposal.
- c. Specify the UC employee's and/or near relative's relationship to or financial interest in any business entity involved in making the quotation or proposal.
- d. Indicate whether the employee has any responsibility for or will be involved in any manner in the departmental decision to accomplish or approve the transaction. In the case of a former employee, indicate whether the employee had any responsibility for or was involved in any manner in the departmental decision to accomplish or approve the transaction.
- e. Certify that no University time, material, equipment, or facilities have been or will be used in connection with any resulting ~~Purchase Order or contract~~ procurement transaction.

**Part 6: Procurement Card Program:** ~~This part of the Policy sets forth basic policies and requirements for the University Procurement Card Program.~~

**A. Scope:** ~~This part of the Policy~~ Part Six applies to all procurement related activities associated with the University UC locations except LBNL. LBNL has a separate procurement card program.

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

~~This part of the Policy does not apply to the Laboratory. A separate policy governs the procurement card program for the Laboratory.~~

**A. Definitions:**

**Cardholder:** An individual who has been delegated written authority to use a procurement card by the campus Procurement/Supply Chain Director.

**Card Program Authorized Signer:** Individual(s) designated by the Chancellor or the VP of ANR (or his/her designee) to authorize issuance of procurement cards and to implement card limits and controls.

**Card Program Reviewer / Approver:** An individual(s) at a supervisory level who is responsible for reviewing and/or approving purchases made by the Cardholder. Reviewers may not be in a subordinate relationship to the cardholder.

**Procurement Card:** A commercial credit card authorized by the University of California to designated employees to enable the timely purchase of goods or services. Procurement cards are issued with University credit and are routinely accepted by merchants over payment networks such as Visa or Mastercard. The card is a corporate (e.g., University) liability card, issued to an employee only for University purposes.

**Procurement Card Program Administrator:** An individual who is responsible for the day-to-day management and operation of the procurement card program at each Location.



- B. Policy:** ~~The University of California will~~UC must ensure that transactions under its procurement card program ~~are supported by~~have adequate ~~policies, procedures, and management controls to guard against fraud, waste, or abuse and the incurrence of.~~ UC must also take care to prevent unallowable costs under federal contracts and grants.

~~The Procurement Services Department at the Office of the President serves as a central clearinghouse for general information regarding the implementation of a procurement card system at the campuses. Prior to implementing such a system, the Chancellor or the VP of ANR (or designee pursuant to BUS-49/Policy for Handling Cash and Cash Equivalents) must submit to Procurement Services Department and the Office of the Chief Investment Officer, a written request listing the names of specific individuals who will be designated as Authorized Signers for that campus.~~

All other details for implementing procurement card services, such as establishing individual cards and determining expenditure limits, reporting requirements, and data transmissions, may be negotiated directly between the campus and the issuing bank, according to the needs of the ~~campus~~UC Location.

**C. General Information:**

- 1. Procurement Card Program:** A procurement card is a commercial credit card authorized by ~~the University of California to~~UC as a way for designated employees to ~~enable them to~~make timely ~~purchase~~purchases of low-value goods or services. The procurement card is ~~routinely accepted by merchants who accept VISA or MasterCard for payment. The card is a corporate (e.g., University) liability card, issued to an employee only for University purposes.~~ a corporate (e.g., UC) liability card, and UC employees may only use it for UC purposes. Its use is subject to strict cardholder purchasing controls ~~(outlined in section V. 6.C.), which that~~ cannot be exceeded without authorization. Settlement is executed electronically on the settlement date ~~providing the opportunity for the University to eliminate costs for to avoid~~ processing ~~Purchase Orders, Supplier invoices and for issuing checks, for each Supplier costs.~~

~~The University's~~UC's procurement card program is managed by each campus' UC Locations' purchasing unit, in consultation with the ~~campus~~ Controller.

- 2. Designation of an Administrator:** At each University UC Location, the ~~Card Program Manager will~~card program manager must designate an Administrator ~~to be~~to oversee the local procurement card program. The Administrator is responsible for monitoring compliance with policies and procedures; ~~to be. The Administrator also is~~ the liaison between the issuing bank and the Procurement Services Department at the Office of the President ~~and to oversee the Location Procurement Card Program.~~

**D. Specific Transactional Responsibilities and Separation of Duties:**

- 1. Separation of Duties:** ~~The duties of individuals~~Individuals who are authorized to make ~~purchases with a~~ procurement card ~~shall be separated to ensure that purchases must not also have the items ordered were received~~responsibility to review those purchases and ~~that must not be~~ the purchase are appropriate as follows:

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

a.1. A Reviewer (who should be at a supervisory level) other than the person placing an subordinate of any cardholder in order shall certify that the items ordered were received. If the purchasing unit is too small to provide to ensure an independent confirmation of receipt, an individual from an outside unit may perform verification process. In general this step means department heads and management service officers may not be cardholders.



**b.2.** ~~An individual other than the person who places an order shall~~**Administrative Review:** The procurement card program reviewer must periodically perform an administrative review of selected purchase documents to verify that the expenditures listed on the daily procurement card transaction report are supported by the required internal documentation ~~(see Section~~

~~III. D. 3 below). In order to ensure that the verification of expenditures is an entirely independent process, this person should not be the subordinate of any procurement cardholder. In general, this means that department heads and Management Services Officers cannot be issued a procurement card.~~

**2.3. Source Documentation:** Source documentation from the Supplier ~~shall~~**must** provide enough detail to allow verification of all expenditures ~~listed on the daily transaction report.~~

**a. Purchases Made in Person:** To document purchases made in person, the cardholder ~~shall~~**must** provide a credit card slip (customer copy) or other itemized list that can be used to confirm receipt of purchases. Packing slips, electronic confirmation of purchases, cash register tape, signed by the cardholder. If the purchased merchandise is not itemized on the signed document, at the time tapes are examples of the sale, the purchaser shall request and obtain a cash register tape or a manual acceptable itemized receipt from the Supplier (unless the purchaser is aware that the line item detail will be provided automatically as part of the transaction record generated by the Supplier).lists.

**b. Mail, Telephone, or Internet Orders:** To document mail, telephone, or internet orders, the department ~~shall~~**must** obtain pricing/billing information on a document that accompanies the shipment of items (e.g., such as a packing slip). Such a or electronic order confirmation that contains an itemized list of purchases. The document must provide enough information, as specified above, to allow verification of the items purchased.

**3.4. Internal Reviews:** As part of the review process, a department ~~shall~~**must** perform the following internal reviews ~~(see Section V. Procedures, Part 6, B, below for more details related to the procedures mentioned below).~~

**a. Department Review:** Department reviewers must perform an independent administrative review of all purchase transactions for cardholders that are assigned to them. If the department is too small to assign a reviewer, a reviewer from an outside department may be assigned. The reviews ensure the following:

- The expenditure has proper authorization
- The expenditure is fully described on one or more documents (no “miscellaneous supplies” for example)
- There is proof the items purchased were received
- The expenditure is appropriate to the funding source. Although administrative personnel are not expected to understand exactly what technical items are to be used for, they should be able to identify inappropriate furniture, etc.

**a.b. Administrative Review of Documentation:** The reviewer must sign and date the administrative review. The signature may be digital or on paper. The reviewer must

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

also conduct the review within a defined period of time as per individual UC Location requirements.

**c. Program Review:** The local purchasing unit must conduct periodic reviews of the departmental purchases. Each campus must establish procedures to review compliance with the procurement card program that describe the types and frequency of reviews, sampling methodology, and data retention requirements. These procedures may include:

~~b.~~ Review of a statistical sample of cardholder records (source documentation) to determine compliance with local procurement card policies and procedures  
~~Verification of Procurement Card Expenditures~~

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- System edits, data mining, and/or visual inspection of transaction records to identify questionable transactions, sufficiency of purchase descriptions and transaction amounts, potentially unallowable costs, purchases of restricted items, split transactions, or potential fraud, waste, or abuse
- Audit of the administrative review procedures to ensure they are properly conducted
- Documentation of corrective action taken for any program violations uncovered during the review

**4.5. Improper Use of a Procurement Card:** ~~Written~~ Local procurement teams must develop written procedures for preventing, investigating, and reporting unauthorized use of procurement cards ~~shall be developed by the purchasing offices for use by departments. These procedures shall be approved by the .~~ The Controller or Office of Record must approve these procedures prior to implementation of the procurement card program. The procedures ~~shall~~ must include the ~~requirement, as outlined in this Bulletin, that a procurement cardholder or~~ BUS-43 requirements regarding unauthorized individual ~~who makes an improper purchase with a card will be responsible for payment of the charge, at the discretion of the Location Policy Exception Authority.~~ transactions.

To establish that a particular expenditure was improperly made, a department must complete the appropriate documentation, mark it File Copy Only – Credit Must Be Issued, and forward a copy to the ~~Location~~ local purchasing unit. The UC Location may approve a transmission method that does not involve sending a

paper copy to the purchasing unit. The original documentation may be retained in the department or a central office as designated by the Controller or Office of Record.

- 6. Sanctions:** Each UC Location must establish guidelines for appropriate sanctions to address any abuse or misuse of procurement cards by cardholders or reviewers. All sanctions must be carried out in a timely manner.

~~The original documentation may be retained in the department or a central office as designated by the Controller or Office of Record.~~

- ~~**5.1. Sanctions:** Each Location shall establish guidelines for appropriate sanctions to address any abuse or misuse of procurement cards by cardholders or reviewers. All sanctions must be carried out in a timely manner.~~

Sanctions ~~will~~must be imposed for any unallowable cost, fraud, waste, or abuse, or any other serious or chronic misuse of a procurement card by a cardholder or reviewer. Any suspected fraud, waste, or abuse must be immediately referred to the appropriate campus security and/or Internal Audit organization for appropriate action.

Improper use of a procurement card by an employee may be grounds for disciplinary action and ~~or abuse, or any other serious or chronic misuse of a procurement card by a cardholder or reviewer. Any suspected fraud, waste, or abuse must be immediately referred to the appropriate campus security and/or Internal Audit organization for appropriate action.~~

Improper use of a procurement card by an employee may be grounds for disciplinary action and ~~shall~~must result in cancellation of the individual's card.

- 6.7. Retention of Documentation:** Records will be retained for as long as designated in the UC Records Retention Schedule. All records pertaining to pending, foreseeable or ongoing litigation; an investigation, an ongoing audit, or a request for records, cannot be destroyed until these actions have been completed or resolved. ~~**Retention of Documentation:** Records will be retained for as long as designated in the UC Records Retention Schedule. All records pertaining to pending, foreseeable or ongoing litigation; an investigation, an ongoing audit, or a request for records, cannot be destroyed until these actions have been completed or resolved.~~ These records will be maintained according to the University's UC's Records Management Program and instructions from legal counsel.

- 8. Documentation Exceptions:** The procurement card program administrator will maintain documentation of all policy exceptions made including a brief description of why the exception was necessary. This documentation will be available to the Controller and the Office of Ethics, Compliance, and Audit Services upon request.

- ~~**4. Documentation Exceptions:** The Administrator of the Procurement Card Program will maintain a file of all policy exceptions made including a brief description of why the exception was necessary. This documentation will be available to the Controller and the Office of Ethics, Compliance, and Audit Services upon request.~~

#### **IV. COMPLIANCE// RESPONSIBILITIES**

~~Part 1: Purchase Transactions~~

~~Part 2: Strategic Sourcing Initiative~~

~~Part 3: Supplier Diversity and Federal Planning and Reporting~~

~~Part 4: Employee-Supplier Relationships~~

~~Part 1: Purchase Transactions~~

~~Part 2: Strategic Sourcing Initiative~~

~~Part 3: Supplier Diversity and Federal Planning and Reporting Part 4: Employee-Supplier Relationships~~

~~Part 5: Procurement Card Program~~

#### **Part 1: Responsibility and Authority for the Purchase of Goods and Service/ Purchase Transactions:**

##### **C.A. Responsibility:**

1. **Campus, ANR and ~~Laboratory~~ LBNL:** Each Chancellor, the Vice President of Agriculture and Natural Resources, and the ~~Laboratory~~ LBNL Director is responsible for purchasing and providing the goods and services required in a manner consistent with ~~this Bulletin~~ BUS-43 and with the following requirements:

- a. **~~Strategic Sourcing Initiative:~~ Further the principal objective of the Strategic Sourcing Initiative which is to maximize** Maximize the economies of scale in purchasing quantities where needs can properly be met through use of ~~University-wide~~ systemwide and regional pool purchases, ~~commodity-strategically sourced~~ agreements, and

- a. price schedules.
  - b. **Cost Effectiveness:** Institute programs ~~dealing with~~ to ensure lowest total cost consistent with need through standardization, value and cost analysis, ~~utilization of items excess to others, simplification in purchases of simplifying~~ low-cost items, and such other matters as may encourage receipt of the most favorable prices, terms, and conditions, which will result in the lowest overall cost consistent with need, purchases, etc.
  - c. **Solicitation of Supplier and Service ~~Contractor~~ Provider Interest:** Stimulate interest in becoming a supplier to ~~the University~~ UC through ~~means such as~~ participating in trade fairs and other business meetings, distributing brochures describing campus or ~~Laboratory~~ LBNL needs ~~and listing whom to contact~~ and, as appropriate, utilizing newspaper and trade journal notices periodically to invite inquiries.
  - d. **Purchase Transactions:** Ensure ~~in awards of Purchase Agreements that the requirements for UC Location meets~~ competition ~~have been met, any requirements, conducts~~ negotiations ~~have been conducted~~ according to established guidelines, and ~~prices to be paid are reasonable in the particular circumstances. confirms price reasonableness in local procurements.~~
  - e. **Procedures and Controls:** Develop and maintain written procedures and controls ~~that implement University purchasing policies for implementing UC procurement policy.~~
  - f. **Equal Opportunity in Business:** Make every effort to ensure that all persons, regardless of race, religion, sex, color, ethnicity, national origin and other protected characteristics, have equal access to ~~Purchase Orders, Purchase Agreements, and other business procurement~~ opportunities ~~withat~~ the University UC Location.
  - g. **~~Laboratory~~ LBNL Compliance:** ~~The LBNL uses the~~ procurement systems ~~employed by the Laboratory~~ negotiated with and approved by the Department of Energy (DOE) under the management contracts between DOE and ~~the University. Approved UC. The approved~~ policies and procedures supporting this DOE-approved system are included in the ~~Laboratory~~ LBNL Procurement Policy and Standard Practices Manual, which is published and maintained by the ~~University of California Laboratory~~ LBNL Management Office. ~~The obligation of federal funds will be accomplished employing such~~ The requirements in the LBNL manual take precedence over UC policies and procedures due to federal funding regulations.  
  
~~Each Procurement/Supply Chain Director is expected to actively contribute to the further development and refinement of this Bulletin and these requirements by encouraging consultation and concerted efforts with colleagues throughout the University, including all Locations.~~
- 2. ~~The Office of the President:~~** The role of the Office of the President in Procurement/Supply Chain Management/~~Procurement Services~~ is to recommend and develop policies, monitor compliance, provide effective coordination and counsel, administer the Strategic Sourcing Initiative, maintain

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

the CALCODE (the coding system for equipment management), represent ~~the~~ UniversityUC with external agencies, analyze proposed State and Federal regulations, formulate long-range planning, conduct special studies as needed, and staff task forces and cross-functional work groups. To this end, the



2. Associate Vice President and UCOP Chief Procurement Officer ~~shall be~~is responsible in the following areas:
- a. Strategic Sourcing: Manage and Administer the Strategic Sourcing Initiative.
  - ~~a. Strategic Sourcing: Manage and Administer the Strategic Sourcing Initiative.~~
  - b. **Purchase Agreements and Related Documents:** Provide staff support for ~~maintenance of standard~~maintaining UC terms and conditions ~~of Strategic Sourcing Systemwide Agreements, price schedules, systemwide procurement templates and Price Schedules and some of the UCOP Agreements forms,~~ and their related documents, ~~document development, and in interactions with the Office of General Counsel as required.~~ in consultation with UCL.
  - c. **Regents' Agenda Items:** Work in tandem with the Office of the CFO to prepare required Regents' agenda items and ~~submit them through the Office of the President~~ to secure approval of ~~Purchase Agreements~~ purchase agreements and related documents that exceed the authority of the President.
  - d. **Program Management:** Manage initiatives and programs that assist ~~the~~ University UC in becoming a premier institution known for its Procurement Excellence.
  - e. **Policy:** Develop and refine ~~University Procurement Policies~~UC procurement policies, including the procedures in ~~this Bulletin~~BUS-43, in collaboration with campus and ~~Laboratory~~BNL colleagues.
  - f. **Limitations on Authority:** Compile and distribute to the UC Locations all current, relevant information available on limitations on authority to execute purchase contracts and related documents imposed by State or Federal law or other relevant provisions.
  - g. **Re-delegation of Purchasing Authority:** Grant re-delegation of purchasing authority to other than the ~~Procurement/Supply Chain Director~~P/SCD for the purchase of goods and services and, within their area of jurisdiction, to other than the Librarian, as it pertains to the purchases of books and periodicals.
  - h. **Liaison:** Maintain liaison with State and Federal agencies relating to Procurement/Supply Chain Management ~~/Procurement~~ activities, analyze pending legislation and new regulations for potential impact on ~~the University UC,~~ disseminate relevant information, and consult with University UC colleagues on other governmental matters of interest.
  - i. Reporting to the State of California: Collect and analyze data related to Small Business Utilization and complete the Annual Small Business Utilization Report which is submitted annually to the Governor's Office.
  - ~~i.a. Reporting to the State of California: Collect and analyze data related to Small Business Utilization and complete the Annual Small Business Utilization Report which is submitted annually to the Governor's Office.~~
  - j. **Policy Compliance:** Monitor, compliance with BUS-43 and other procurement

~~University of California – Policy BFB-BUS-43~~

~~BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management~~

~~policies~~ in conjunction with the Office of Ethics, Compliance & Audit Services, ~~compliance with the procedures in this Bulletin, provide.~~ Provide guidance in policy interpretation, and recommend to responsible officials corrective action when indicated.

B. Authority:

~~D.A. Authority:~~



1. **Authority of the Regents:** The California Constitution vests in The Regents full powers of organization and governance of ~~the UniversityUC~~, subject only to certain limited legislative controls. One such control is California Public Contract Code Sections 10507, et seq. ~~One such control is California Public Contract Code Sections 10507, et seq.~~ Thus, those authorized through the delegation process to commit ~~the UniversityUC~~ may do so only when the requirements for competition, as set forth herein, have been met.
2. **Authority of the President:** Bylaw 30 delegates to the President the authority to administer the day to day central and/or ~~system-widesystemwide~~ functions ~~to the Universityof UC~~, except those activities within the responsibility of the Principal Officers. This includes executing on behalf of ~~the CorporationUC~~ all contracts and other documents necessary in the exercise of the President's duties:
  - a. **Liability:** ~~Agreements~~The President has broad authority to enter into contracts by which ~~the UniversityUC~~ assumes liability for ~~the~~ conduct of persons other than ~~UniversityUC~~ officers, agents, employees, students, invitees, and guests. ~~The President has broad authority to enter into contracts, including those~~ This includes agreements made in circumstances where the ~~University~~ agrees to provide express contractual indemnification in circumstances where it is deemed necessary by the President, in consultation with the General Counsel, ~~to indemnify non-University persons who have agreed deems it necessary to provide express contractual indemnification for those individuals who, at the University'sUC's request, have agreed~~ to serve as advisors on operational matters ~~for conduct within the scope of their role as advisors; area of expertise.~~
  - b. **Delegations to Chancellors, ~~LaboratoryLBNL~~ Director, and the VP of ANR:** The President has delegated authority to Chancellors per Bylaw 31, ~~LaboratoryLBNL~~ Director, and the VP of ANR to execute Purchase Agreements for goods and services, and the additional provisions of the Presidential Delegation of Authority DA 2100.

## **Part 2: Responsibility and Authority for Strategic Sourcing Initiative:**

- A. The Associate Vice President and UCOP Chief Procurement Officer: Has overall responsibility for the management of the Strategic Sourcing Initiative and the outcomes of this program. ~~A. The Associate Vice President and UCOP Chief Procurement Officer: Has overall responsibility for the management of the Strategic Sourcing Initiative and the outcomes of this program.~~ The Associate Vice President and Chief Procurement Officer develops long-range plans, determining which commodities ~~the UniversityUC~~ will bid out and in what order. Collaboratively with the Procurement Leadership Council, the Associate Vice President and Chief Procurement Officer ensures the successful execution of this program and the implementation of the resulting ~~Systemwide Agreements~~systemwide agreements for goods and services. The Associate Vice President and Chief Procurement Officer has full authority, delegated ~~to him/her~~ by the Executive Vice President and Chief Financial Officer, for signatory rights for all Office of the President and ~~Systemwide Agreements~~systemwide agreements, including agreements for goods and services.
- ~~E.~~ The Strategic Sourcing Director: Has overall responsibility for the successful execution of the Strategic Sourcing Initiative and the resulting systemwide

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

agreements. Although the Director cannot sign these Agreements, the Director has the responsibility to review them thoroughly before having the Associate Vice President and Chief Procurement Officer sign them. Systemwide Agreements. Although the Director cannot sign these Agreements, the Director has the responsibility to review them thoroughly before having the Associate Vice President and Chief Procurement Officer sign them. The Responsible Procurement Authority has signature authority for departmental expenses, UC subawards, and may be requested to be the officer to sign other agreements in the Associate Vice President and Chief Procurement Officer's absence. The Director is responsible for all budgetary tasks and documents for the Procurement Services Department. The Director is also responsible for supervising the Commodity Managers, providing feedback and performance management, as well as hiring and disciplining staff as necessary.

**B. University Subawards**, and may be requested to be the officer to sign other agreements in the Associate Vice President and Chief Procurement Officer's absence. The Director is responsible for all budgetary tasks and documents for the Procurement Services Department. The Director is also responsible for supervising the Commodity Managers, providing feedback and performance management, as well as hiring and disciplining staff as necessary. The Director provides input to the Procurement Services Staff regarding questions related to **Strategic Sourcing Agreements, Price Schedule Agreements, Commodity Planning, and Procurement** strategic sourcing agreements, price schedule agreements, commodity planning, and procurement related questions.

### Part 3: Responsibility and Authority for Supplier Diversity and Federal Planning and Reporting:

#### II. Part 3: Responsibility and Authority for Supplier Diversity and Federal Planning and Reporting:

A. **Implementation of the Policy:** The **Procurement/Supply Chain Directors** P/SCDs at all UC Locations are responsible for the implementation of this Policy.

1. Revisions to the Policy: The Executive Vice President-Chief Financial Officer owns this Policy and has the authority to interpret and implement changes to the Policy.

#### 2. Campus Responsible Parties:

a. The Escalation Authority (or the comparable position): The primary campus/medical center leader with delegated responsibility for the administration of policies related to small business and supplier diversity.

~~B.1. Revisions to the Policy:~~ The Executive Vice President-Chief Financial Officer owns this Policy and has the authority to interpret and implement changes to the Policy.

#### ~~C.1. Campus Responsible Parties:~~

~~1.a. The Escalation Authority (or the comparable position):~~ The primary campus/medical center leader with delegated responsibility for the administration of policies related to small business and supplier diversity.

**2.b. Location Reporting Requirements:** Each UC Location will also maintain and collect the data and provide it to the Office of the President, Procurement Services Office annually, or as necessary, to report to the Federal Government and the State of California.

**3. The Procurement Services Office:** Procurement Services Office in ~~the University's~~ UC's Office of the President will work with the UC Locations' **Procurement/Supply Chain Director** P/SCDs or their designees to give guidance for the implementation of the Policy and the collection of the Small Business and Supplier Diversity procurement data.

### Part 4: Responsibility and Authority for Employee-Supplier Relationships:

#### III. Part 4: Responsibility and Authority for Employee-Supplier Relationships:

**A. Approvals:** The P/SCD or designee is responsible for collecting the required certification for Employee-Supplier Relationships, ~~C. Certification Requirement) must be submitted to the~~

Location's Procurement/Supply Chain Director or designee. When the work involves an intercampus or Laboratory/LBNL transaction, the ~~certification must be submitted to the~~ Procurement/Supply Chain Director/P/SCD at the UC Location where the ~~requirement/request~~ originates. ~~is responsible for collecting the required certification.~~ In addition, ~~a re-the P/SCD is~~ responsible for collecting new certification ~~is to be submitted~~ prior to the extension/renewal of the terms of ~~aan employee-supplier~~ contract. ~~The Procurement/Supply Chain Director~~The P/SCD is responsible for notifying the submitting department of approvals or denials of requests involving employee-~~Suppliers~~supplier relationships.

#### Part 5: Responsibility and Authority for Procurement Card Program:

##### A. Campus Controller or Office of Record:

- Approve campus guidelines for use of a Procurement Card as a payment mechanism;
- Approve procedures for preventing and investigating and reporting unauthorized use of Procurement Card;
- Approve requests to issue Procurement Cards to central purchasing unit employees;

##### B. Procurement Card Manager:

- Oversee the Procurement Card Program;

#### ~~IV. Part 5: Responsibility and Authority for Procurement Card Program:~~

##### ~~A. Campus Controller or Office of Record:~~

BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management

- ~~1. Approve campus guidelines for use of a Procurement Card as a payment mechanism;~~
- ~~2. Approve procedures for preventing and investigating and reporting unauthorized use of Procurement Card;~~
- ~~3. Approve requests to issue Procurement Cards to central purchasing unit employees;~~
  4. Approve requests to issue Procurement Cards to non-University employees;
  5. Approve procedures for annual self-assessment by the Purchasing Unit or other business unit.

**B.A. Procurement Card Manager:**

- ~~1. Oversee the Procurement Card Program;~~
- ~~2. Formally Designated by the Chancellor, or the ANR VP, to~~ authorize new cardholders to commit funds for ~~the UniversityUC~~ in accordance with this policy's provisions regarding ~~Low Value Purchaseslow-value purchases~~;
  - Plan and provide for regularly scheduled audits, reviews, and/or oversight;
  - Approve spending limits;
  - Ensure that sanctions are imposed for the abuse or misuse of a Procurement Card by a cardholder or reviewer;
  - Cooperate with investigations of suspected fraud, waste, or abuse;
  - Ensure adherence with the requirements of the Procurement Card Program;
  - Approve more than ten (10) cardholders per reviewer; and
  - Approve exception to reviewer reporting relationship.
- ~~3. Procurement Card Administrator: The Administrator (or other individual approved by the Controller) Plan and provide for regularly scheduled audits, reviews, and/or oversight;~~
- ~~4. Approve spending limits;~~
- ~~5. Ensure that sanctions are imposed for the abuse or misuse of a Procurement Card by a cardholder or reviewer;~~
- ~~6. Cooperate with investigations of suspected fraud, waste, or abuse;~~
- ~~7. Ensure adherence with the requirements of the Procurement Card Program;~~
- ~~8. Approve more than ten (10) cardholders per reviewer; and~~
- ~~9. Approve exception to reviewer reporting relationship.~~

**C. Procurement Card Administrator: The Administrator (or other individual approved by the Controller) shallmust:**

- ~~1. Administer the Procurement Card Program consistent with this section of this BulletinBUS-43;~~
  - Interface with the Procurement Card Issuing Bank;
- ~~2. Interface with the Procurement Card Issuing Bank;~~
- ~~3. Develop and conduct mandatory initial and refresher ProcurementCard training for Procurement Card holders and reviewers;~~
  - Process and approve requests for issuance of new Procurement Cards;
  - Maintain an up-to-date listing of all authorized cardholders, their Delegations of Authority, and their respective reviewers;
  - Monitor departmental reconciliation activity and unresolved disputers;

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

- Report discrepancies to the Procurement Unit Manager and recommend appropriate sanctions;
- ~~4. • Process and approve requests for issuance of new Procurement Cards;~~
- ~~5. • Maintain an up-to-date listing of all authorized cardholders, their Delegations of Authority, and their respective reviewers;~~
- ~~6. • Monitor departmental reconciliation activity and unresolved disputers;~~
- ~~7. • Report discrepancies to the Procurement Unit Manager and recommend appropriate sanctions;~~
- 8. • Verify that proper incentive amounts are received under the UniversityUC program with the Procurement Card Issuing Bank;
- Perform periodic reconciliation of bank statements and financial systems;
- Ensure the Procurement Cards are cancelled and surrendered by the cardholder upon termination of a cardholder's need or termination of employment; and
- Cooperate with investigations of suspected fraud, waste, or abuse.

D. Reviewer: The Reviewer must:

- Successfully complete mandatory initial and annual refresher training;
- Review on a timely basis, documentation related to all purchase and approve all cardholder transactions to confirm appropriateness and receipt of the goods and services ordered;
- Notify the Procurement Card Administrator or Procurement Unit Manager of any cardholder non-compliance.
- Cooperate with investigations of suspected fraud, waste, or abuse; and
- Take or recommend corrective action in cases where Procurement Cards have been used inappropriately, including disciplinary action.

Cardholder: The Cardholder

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

- ~~9. Perform periodic reconciliation of bank statements and financial systems;~~
- ~~10. Ensure the Procurement Cards are cancelled and surrendered by the cardholder upon termination of a cardholder's need or termination of employment; and~~
- ~~11. Cooperate with investigations of suspected fraud, waste, or abuse.~~

~~D. Reviewer: The Reviewer shall:~~

- ~~1. Successfully complete mandatory initial and annual refresher training;~~
- ~~2. Review on a timely basis, documentation related to all purchase and approve all cardholder transactions to confirm appropriateness and receipt of the goods and services ordered;~~
- ~~3. Notify the Procurement Card Administrator or Procurement Unit Manager of any cardholder non-compliance.~~
- ~~4. Cooperate with investigations of suspected fraud, waste, or abuse; and~~
- ~~5. Take or recommend corrective action in cases where Procurement Cards have been used inappropriately, including disciplinary action.~~

~~E. Cardholder: The Cardholder shall must:~~

- ~~1. Successfully complete mandatory new cardholder and annual refresher training;~~
- ~~2. Sign a Cardholder Agreement form that includes cardholder requirements associated with proper use of the Procurement Card;~~
- ~~3. Comply with campus policies, procedures, and program updates related to the use of Procurement Cards, including limitations on transaction limits, monthly and/or annual spending limits, and prohibited items;~~
- ~~4. Cooperate with investigation of suspected fraud, waste, or abuse.~~
- ~~5. Obtain proper documentation associated with Procurement Card transactions;~~
- ~~6. Reconcile the statement of account on a timely basis; and~~
- ~~7. Promptly process all Procurement Card transactions including prompt resolution of merchant and bank disputes.~~

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**V. PROCEDURES**

**Part I: Purchase Transactions**

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**V. PROCEDURES**

**Part I: Purchase Transactions**

**Part 2: ~~Strategic Sourcing Initiative~~**

**Part 3: ~~Supplier Diversity and Federal Planning and Reporting~~ Part 4: ~~Procurement Card Program~~**

**Part 1: Purchase Transactions**

~~C. Policy Compliance: Pool Purchase Orders, commodity agreements, and price schedules shall be established only when, pursuant to University policy,~~



~~requirements for competition have been met, any negotiations have been conducted according to established guidelines, prices to be paid are reasonable in the particular circumstances, and approval as to form has been secured as necessary.~~

~~**D. Required Use:** Items covered by Pool Purchase Orders shall not be purchased from other sources, unless the exception involves special delivery requirements, or there are substantial differences in specifications which preclude the use of the contract source. Such exceptions shall be approved by the campus Procurement/Supply Chain Director. Exceptions on any basis other than the above circumstances shall be approved by the Commodity Manager.~~

~~**E. Exception Reports:** Purchases from other than pool Purchase Order suppliers or commodity agreement sources shall be reported to the Commodity Manager. Such reports shall include copies of the purchase action.~~

~~**F. Availability of Funds:** Pool Purchase Orders shall be entered into only when the Commodity Manager has been assured that funds are available to cover the definite or guaranteed minimum quantities to be ordered.~~

**E.A. Unsatisfactory Performance:** Unsatisfactory, unusual, or significant supplier or product performance deficiencies shall must be reported promptly to the Commodity Manager involved so that appropriate, timely action may be taken to correct the deficiency.

**F.B. University Systemwide Price Schedules:** ~~Such arrangements may be entered into~~Systemwide commodity managers produce systemwide price schedules to take advantage of special discounts on proprietary products or when a commodity agreement is not practical. ~~When not established through the required competitive process, prices shall be reasonable and such agreements shall not be used in lieu of soliciting competition~~Systemwide commodity managers must indicate if a systemwide price schedule is not competitively bid by submitting an SSPR form to justify lack of competition. Each location determines when additional documentation is needed at the local level to use a systemwide price schedule.

## **Part 2: ~~Strategic Sourcing Initiative:~~**

### **~~A. Program Management:~~**

#### **~~1. Associate Vice President and Chief Procurement Officer of Procurement Services, University of California Office of the President:~~**

- ~~a) Working with the Executive Vice President Chief Finance Officer, the Associate Vice President and Chief Procurement Officer is responsible for developing an overall strategy which addresses overall University needs in terms of savings, pricing, operational efficiencies, and continuous improvement:~~
  - ~~i. Ensure that these factors are considered when developing the departmental strategic plan;~~
  - ~~ii. Ensure the commodities providing the maximum savings to the University be developed as projects early in the Strategic Plan; and~~



~~University of California – Policy BFB-BUS-43~~

~~BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management~~

~~iii.—Consider Location needs in all planning for the department:~~

~~A. In customer service;~~

- ~~B. In the timing of Strategic Sourcing Initiatives~~
- ~~C. In Location staffing needs, and the needs of all Location Stakeholder Groups;~~
- ~~D. In the identification of those items for inclusion in the program that are purchased by multiple Locations;~~
- ~~E. In sufficient quantities that an economic advantage can be gained by creating a Strategic Sourcing Initiative.~~
- ~~F. In the review of all goods and services purchased by the University to leverage non-traditional concepts and cost-savings ideas to provide maximum benefit to the University.~~
- ~~b) Analyze usage data from all Locations to identify needs, trends, and potential opportunities. Guide the Commodity Managers and Commodity Teams to a positive outcome for the University. Review the business trends quarterly to determine options for additional opportunities for savings to the University.~~
- ~~c) Work closely with colleagues at other institutions to develop strategies and find opportunities for collaboration. Determine if collaboration with other higher education institutions, medical institutions, or group purchasing organizations to leverage immediate savings until a Strategic Sourcing Initiative is able to be scheduled and executed.~~
- ~~d) Develop a strategy using the needs of the Location customers, collected data, marketplace conditions, and historical industry information to determine the best approach to leverage the University's purchasing power to gain the best advantage in terms of customer service, quality, and price.~~
- ~~e) Market the Strategic Sourcing concept to Senior Management within the University, colleagues in other industries, other higher education and medical colleagues, and the supplier community. Brainstorm with these groups as appropriate for creative ideas where partnership opportunities exist for Strategic Sourcing Initiatives.~~
- ~~f) Lead the Team, both at the Office of the President and at all Locations in knowledge of current market conditions as they pertain to all commodities, and keep everyone informed of significant developments which could affect consolidated purchasing, marketplace conditions, and availability of product.~~
- ~~g) In carrying out the above responsibilities, the Associate Vice President and Chief Procurement Officer shall collaborate with and secure assistance from, as appropriate, the Director of Strategic Sourcing, Commodity Managers, Procurement/Supply Chain Directors, Small Business Coordinators, Location Stakeholder Groups, Subject Matter Experts (SME's) and other knowledgeable persons.~~

**~~2. Director of Strategic Sourcing/University of California Office of the~~**

**~~President:~~** The Director of Strategic Sourcing, when assigned responsibility for specific staff supervision as well as specific commodity groups by the Associate Vice President and Chief Procurement Officer, shall:

- ~~a. Work with the Associate Vice President and Chief Procurement Officer to develop an overall strategy which addresses customer service needs of the Locations, commodities that need to be addressed, timing to go out to bid on these commodities, Commodity Manager assignment of projects, and supervision of the Commodity Managers on their projects.~~
- ~~b. Identify those items for inclusion in the program which are purchased by multiple Locations in sufficient quantities that an economic advantage can be gained by creating a Strategic Sourcing Initiative.~~
- ~~c. Develop specifications and standards through value analysis and consultation with Subject Matter Experts (SME's), as appropriate and secure usage data from those Locations which expect to participate in the Strategic Sourcing Initiative. Review the analysis of the Commodity Managers to determine that it is accurate and reflects the needs of the University.~~
- ~~d. Determine if there are opportunities to develop agreements with other higher education institutions, other medical institutions, or group purchasing organizations to leverage immediate savings until a Strategic Sourcing Initiative is able to be scheduled and executed.~~
- ~~e. Develop a strategy using the needs of the Location Customers, collected data, marketplace conditions, and historical industry information to determine the best approach to leverage the University's purchasing power to gain the best advantage in terms of customer service, quality, and price.~~
- ~~f. Solicit quotations; prepare and execute resulting Systemwide Strategic Sourcing Initiative RFP and a commodity agreement or price schedule where appropriate; review quarterly usage reports from agreement suppliers or internal polling of the Locations; and monitor overall Systemwide compliance to the agreement. Determine methodologies to address maverick spend at Locations by leveraging Procurement/Supply Chain Directors, Procurement Departments, Strategic Sourcing Units, and Stakeholder Groups. Utilize supplier support to assist in making contacts at Locations and to convert customers to the Strategically Sourced Agreements.~~
- ~~g. Review and evaluate existing consolidated purchase arrangements for expansion or modification, and schedule advantageous purchases and renewal of commodity agreements and price schedules in a timely manner consistent with work schedules.~~
- ~~h. Maintain up-to-date knowledge of current market conditions as they pertain to assigned commodities, and keep the campuses and Laboratory~~

~~informed of significant developments which could affect consolidated purchasing, marketplace conditions, and availability of product.~~

- ~~i. Determine the sustainability issues related to the specific commodity and how to integrate sustainable products, energy savings, water savings, and reuse or recycling opportunities into every Strategic Sourcing Initiative.~~
- ~~j. In carrying out the above responsibilities, the Director of Strategic Sourcing shall consult with and secure assistance from, as appropriate, the Associate Vice President and Chief Procurement Officer, Procurement/Supply Chain Directors, Commodity Managers, Buyers, Small Business Coordinators, Location Stakeholder Groups and Subject Matter Experts (SME's) and other knowledgeable persons.~~

**~~3. Commodity Manager, Procurement Services/University of California~~**

~~**Office of the President:** The Commodity Manager, when assigned responsibility for specific commodities or groups of commodities by the Director of Strategic Sourcing, shall:~~

- ~~a. Identify those items for inclusion in the program which are purchased by multiple Locations in sufficient quantities that an economic advantage can be gained by creating a Strategic Sourcing Initiative.~~
- ~~b. Develop specifications and standards through value analysis and consultation with Subject Matter Experts (SME's), as appropriate and secure usage data from those Locations which expect to participate in the Strategic Sourcing Initiative.~~
- ~~c. Develop a strategy using the needs of the Location Customers, collected data, marketplace conditions, and historical industry information to determine the best approach to leverage the University's purchasing power to gain the best advantage in terms of customer service, quality, and price.~~
- ~~d. Solicit quotations; lead Systemwide Strategic Sourcing Initiatives and prepare and execute resulting commodity agreements or price schedules where appropriate; review quarterly usage reports from agreement suppliers or internal polling of the Locations; and monitor overall Systemwide compliance to the agreements. Determine methodologies to address maverick spend at Locations by leveraging Purchasing/Procurement Departments, Strategic Sourcing Units, and Stakeholder Groups. Utilize supplier support to assist in making contacts at Locations and to convert Customers to the Strategically Sourced Agreements.~~
- ~~e. Review and evaluate existing consolidated purchase arrangements for expansion or modification, and schedule advantageous purchases and renewal of commodity agreements and price schedules in a timely manner consistent with work schedules.~~

- ~~f. Maintain up-to-date knowledge of current market conditions as they pertain to assigned commodities, and keep other campuses and the Laboratory informed of significant developments which could affect consolidated purchasing, marketplace conditions, and availability of product.~~
  - ~~g. Determine the sustainability issues related to the specific commodity and how to integrate sustainable products, energy savings, water savings, and reuse or recycling opportunities into every Strategic Sourcing Initiative.~~
  - ~~h. In carrying out the above responsibilities, the Commodity Manager shall consult with and secure assistance from, as appropriate, other the Director of Strategic Sourcing, Procurement/Supply Chain Directors, Small Business Coordinators, Location Stakeholder Groups and SME's and other knowledgeable persons.~~
- ~~4. **Laboratory Participation:** The prime contracts which govern Laboratory operations require the use of certain government sources not generally available to the campuses. When agreements are cost effective and there is no conflict with federal requirements, Strategic Sourcing agreements may be used by the Laboratory.~~

**V. Part 3: Supplier Diversity and Federal Planning and Reporting:**

**A. Campus Programs:**

- ~~1. **Program Development:** The University supports the use of small, diverse, and disadvantaged suppliers whenever these suppliers offer products and services that meet the University's needs for competitive pricing and the quality of the products and services. Existing policy establishes the goal of awarding 25% Economically and Socially Responsible (EaSR) spend annually to small and diverse owned businesses. See UC Sustainable Practices Policy (<https://policy.ucop.edu/doc/3100155/SustainablePractices>) for more details. In order to support the University's supply base diversity goals Locations are strongly encouraged to:~~
- ~~a. Make a concerted effort to target and solicit responses from small, diverse, and disadvantaged suppliers in all Requests for Information, Quotation, or Proposal.~~
  - ~~b. When possible, purchase goods and services from small, diverse, and disadvantaged suppliers that are a University of California contracted supplier as part of strategically sourced agreements awarded through a competitive bid process.~~
  - ~~c. In order to support these goals, the University requires wherever practicable the purchase of goods and services from Small Business (SB) or Disabled Veteran Business Enterprise (DVBE) suppliers for commodities and services where strategically sourced agreements do not exist, and for amounts not~~

~~exceeding the \$250,000 small business purchase threshold as identified in Section III, Part 13, Subsection C. Small Business First Program above.~~

~~2. Outreach Efforts:~~ Each Location shall develop and implement effective outreach programs to ensure equal opportunity in business contracting. Such programs shall:

~~a. Create awareness in the small, diverse, and disadvantaged supplier communities, of contracting opportunities available from the University.~~

~~b. Direct efforts to develop potential new purchasing relationships with small, diverse, and disadvantaged suppliers. Efforts may include: regular and active~~

~~c. Searches for small, diverse, and disadvantaged suppliers; determination of whether or not small, diverse, and disadvantaged suppliers can be used for the purchase of particular goods and services as needed by departments; encourage small, diverse, and disadvantaged supplier participation through trial purchases, product pilot testing, the arrangement of supplier orientation visits, and by other means at various Locations, so that these suppliers can learn about University procurement practices, bidding processes, business models, and contractual agreement implementation; increase competitive opportunities for small, diverse, and disadvantaged business providers by allowing adequate time to respond to the bid requirements.~~

~~B. Obtain written representation (either/or federal and state) from suppliers regarding their status as a small, diverse, or disadvantaged supplier (see Section VI. Related Information—Diverse Business Classifications by Government Source for links to all classification types).~~

~~C. Maintain contact with small, diverse, and disadvantaged suppliers to ensure their inclusion in University procurement opportunities. These contacts could include small business fairs, meetings with key University staff, and seminars applicable to small and local business providers about how to best work with the University.~~

~~D. Respond to studies or surveys that may be conducted by the Small Business Administration or other related agencies so that information about the University's bidding and procurement practices are distributed to the appropriate suppliers.~~

~~1. University of California Small Business Plans:~~ The Campus Small Business Officer or Supplier Diversity Coordinator in collaboration with the originating department and the Contracts and Grants/ Sponsored Projects Office are responsible for the development of the Small Business Plan and its

~~goals. The University department receiving the award is responsible for seeking to meet their supplier diversity goals established in the plan.~~

**E.A. Campus Reporting/Management of Plans and Reporting for Federal Contracts of Subcontracts Exceeding \$700,000:** The University recognizes its obligation with regard to extramural contracts and grants by incorporating the requirements of all relevant statutes, Executive Orders, and regulations into its procurement activities.

**1. Small Business Subcontracting Plan Requirements:** Federal solicitations, contracts and subcontracts to the University exceeding \$700,000 and expected to have subcontracting opportunities will usually require that the University prepare a Small Business Subcontracting Plan. The Campus Small Business Officer or Supplier Diversity Coordinator in collaboration with the originating department and the Contracts and Grant/Sponsored Projects Office are responsible for the development of the Small Business Subcontracting Plan.

The plan must include the total percentages and dollar amounts to be spent with both large and small businesses for materials and supplies, equipment over \$5,000, and travel. This plan is either requested at the time that an initial proposal is submitted, or it can be requested when the funding has been awarded. Once approved by the federal agency awarding the funding, the Subcontracting Plan goals become a contractual obligation which the Principal Investigator must make a good faith effort to achieve.

Principal Investigators and Contract Administrators must provide the following documentation to the designated Campus Small Business Officer or Supplier Diversity Coordinator when potential small business spend for materials and supplies, equipment over \$5,000, and/or travel exists:

- a. Agency proposal or award number,
- b. Title of proposal or award,
- c. The Statement of Work,
- d. High-level budget information,
- e. A worksheet detailing totals for materials and supplies, equipment over \$5,000, and travel be purchased from suppliers, and
- f. The Small Business Plan Worksheet describing materials and supplies, equipment over \$5,000, and travel that can be purchased from small businesses, the dollar amounts for these items, and names of small businesses from which they can be purchased.

**2. Good Faith Effort - Locating Small Business Sources:** Each Principal Investigator (PI) of a federally funded contract containing a Small Business Subcontracting Plan approved by the awarding federal agency must encourage maximum participation by the types of small businesses in the plan for which they set specific percentages and dollar amounts. To do so, they must work with their support staff to:



- a. **Reasonable Effort:** Make every reasonable effort to find additional small business entities which have the classification types set in the goals and which can meet the technical specifications required for the project. Such efforts include working with the designated Campus person assigned to Supplier Diversity, contacting the federal agency to get a list of approved small business suppliers, and by using the SBA Small Business Dynamic Search Database. Alternate data bases from third party suppliers that some Locations have access to may also be utilized as an alternative to the SBA Small Business Dynamic Search Database.
  - b. **Supplier Contacts:** Contact small, diverse, and disadvantaged, suppliers when soliciting prospective suppliers via Requests for Information, Quotation, or Proposal for the project.
  - c. **Required Documentation:** Document in writing in the project's records on an ongoing basis any failure to purchase from small suppliers as stated in the Small Business Subcontracting Plan. Report these reasons to the Supplier Diversity Program Coordinator in writing in advance of the April 1 and October 1 federal reporting dates.
  - d. **Other Assistance:** Notify the Small Business or Diversity Supplier Coordinator to assist in finding other appropriate small businesses. The Small Business or Diversity Supplier Coordinator must also include the reason for zero utilization, whenever a federal report is filed with the federal agency.
3. **Post Award Small Business Program Re-Representation:** If FAR Part 52.219 - Small Business Programs Provisions and Clauses is included in the contract and the conditions in the clause for re-representation are met, the designated employee must:
  - a. Require the contractor that represented itself as a small business concern prior to award of the contract re-represent its size status via its registration in the federal System for Award Management and using the corresponding North American Industry Classification System code, or via a separate certification containing this information; and
  - b. Permit a contractor that represented itself as other than a small business concern prior to award to re-represent its size status.
4. **Data Collection and Reporting Requirements:** Locations must monitor and report the extent of small business participation in their federal funded contracts exceeding \$700,000, when a Small Business Subcontracting Plan has been approved by taking the following actions:
  - a. Require each prospective small business to certify whether it is a small business with one or several of the government classification types or self- certify (for all others) on the Federal Central Contractor Registration.



- b. Accurately track the participation by small businesses (by classification type) in terms of the total value of Purchase Orders placed in that classification during each fiscal year.
- c. Report utilization to the appropriate federal agencies as required.

## **5. Report Types and Reporting Periods:**

- a. **Individual Subcontracting Report (ISR):** This report collects prime contractor and subcontractor subcontract award data for specific Federal Government agencies (see b. ii. and b. iii.). **This is the former SF-294 Report.**

Designated staff at each campus must file an *Individual Subcontracting Federal Report (ISR)* for each contract or sub-contract in the Electronic Subcontracting Reporting System (eSRS) to the appropriate federal agency in the following reporting periods:

- i.● October 1<sup>st</sup> of the prior year through March 31<sup>th</sup> of the current year (six months)/due by April 30<sup>th</sup> and;
  - ii.● October 1<sup>st</sup> of the prior year through September 30<sup>th</sup> of the current year (fiscal year)/ due October 31<sup>st</sup>;
  - iii.● A final ISR is completed within 30 days of the expiration date of the contract or sub- contract.
- b. **Summary Subcontracting Report (SSR):** This report provides an annual summary of subcontracts awarded by prime and subcontractors for a specific Federal Government agency that required an Individual Subcontracting Plan for the previous fiscal year.  
  
Designated staff must also file a Summary Subcontracting Report/SSR with each federal agency when the Campus:
  - i.● Holds one or more contracts or subcontracts over \$700,000 and,
  - ii.● Is required to report subcontracts awarded to Small Business (SB), Small Disadvantaged Business (SDB), Women-Owned Small Business (WOSB), HUBZone Small Business (HUBZone SB), and Veteran- Owned Small Business (VOSB), Service-Disabled Veteran- Owned Small Business (SDVOSB), ANCs and Tribes concerns under a Subcontracting Plan with the Federal government, and
  - iii.● Is required to report subcontract awards for Historically Black Colleges and Universities (HBCUs), Minority Institutions (MI), for the Department of Defense (DOD), the National Aeronautics and Space Administration (NASA), and the Coast Guard, and
  - iv.● Also has reporting periods for civilian agencies [non-Department of Defense (DOD) or NASA)], annual submission:
    - a) October 1<sup>st</sup> of the prior year through September 30<sup>th</sup> of the current year (fiscal year)/due October 31<sup>st</sup>.

b) For contracts with the Department of Defense and the National Aeronautics and Space Administration twice per year (same as for *ISR*'s above):

- 1) October 1<sup>st</sup> of the prior year through March 31<sup>st</sup> of the current year (six months)/due by April 30th, and,
- 2) October 1<sup>st</sup> of the prior year through September 30<sup>th</sup> of the current year (fiscal year)/ due October 31<sup>st</sup>.

**c. Small Disadvantaged Business Report: Disadvantaged Status and Reporting;**

If a Small Disadvantaged Business (SDB) goal was included in the Small Business Subcontracting Plan, per FAR 52-219-25 Small Disadvantaged Business Participation the University must report on the participation of SDB concerns at contract completion or as provided in the terms and conditions of the contract.

**d. Failure to Make a Good Effort–Liquidated Damages: FAR 52.219-16** deals with Liquidated Damages and a “Failure to make a good effort to comply with the subcontracting plan” which means a willful or intentional failure to perform-or- willful or intentional action to frustrate the plan in accordance with the requirements of the subcontracting plan approved by a federal agency.

Federal agencies measure performance toward the Small Business Subcontracting goals by applying the percentage goals to the total actual subcontracting dollars or, if a commercial plan is involved, to the pro-rata share of actual subcontracting dollars attributable to government contracts covered by the commercial plan.

If the Small Business Subcontracting Plan goals have not been met by the contract completion or in the case of the commercial plan, at fiscal year close for which the plan is applicable, the Federal Contracting Officer will determine if the Contractor has failed to make a good faith effort to comply with the Subcontracting Plan. The Contracting Officer will give the Campus written notice specifying the failure and permitting the campus on behalf of the UC Regents, to demonstrate the Good Faith Effort that has been made and to discuss the situation with the federal agency. A failure to respond to the notice may be taken as an admission that a valid explanation does not exist.

If the Contracting Officer has considered all pertinent data and finds that the campus or the Regents did fail to make a good faith effort, the Officer ~~shall~~must issue a final decision to that effect and require the Campus on behalf of the Regents to pay the Federal Government liquidated damages for the difference between the proposed goals and the actual dollars spent.

**e. Defense Federal Acquisition Regulations (DFARS):** In addition to the FAR regulations, the Defense Federal Acquisition Regulations (DFARS) develop and maintain acquisition rules and guidance to facilitate purchasing staff as they acquire the goods and services required for

Department of Defense contracts. These regulations apply whenever the University has a DOD research contract exceeding \$650,000 and requires the use of small businesses.

**f. Campus Reporting to the Environmental Protection Agency Grant Awards with Fair Share Objectives-Title 40/Protection of the Environment, Chapter 1, Subchapter B, Part 35/Participation by Disadvantaged Business Enterprises:**

Federal Disadvantaged Business Enterprise (DBE) provisions affect procurement actions under EPA financial assistance agreements/grants.

The Environmental Protection Agency requires a Disadvantaged Business Enterprise Rule and Program provision in the Terms and Conditions of the grant agreement. The University departments holding these contracts and grants are required to make a good faith effort to achieve the requirements as stated.

The key functional components of the EPA Disadvantaged Business Enterprise Rule and Program are the following:

- i. DBE Overview Fact Sheet;
- ii. Fair Share Objectives;
- iii. Six Good Faith Efforts and Contract Administration Requirements;
- iv. MBE/WBE Reporting; and
- v. MBE/WBE Certification.

- 6. Office of the President - Procurement Services Department Required Reporting-State of California Small Business Report:** The University of California complies with all reporting requirements issued by the State of California. During the month of September the Office of the President - Procurement Services Small Business Coordinator collects purchasing, design, and construction small business data from campuses, medical centers, Agriculture and Natural Resources, and the Laboratory. The Coordinator then prepares the annual Small Business Utilization report for the California Governor's Office.

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**~~VI. PART 4: PROCUREMENT CARD PROGRAM:~~**

**~~A. VI. GENERAL RELATED INFORMATION:~~**

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~~1. Instructions to Cardholders: The Procurement Card Administrator, in coordination with the campus Controller, will provide mandatory training for cardholders and reviewers, regarding the use of the procurement card consistent with these procedures. Instructions will include:~~

- ~~a. Procedures to ensure the appropriateness of the transaction and to prevent fraud, waste or abuse (e.g., controls requiring each purchase or class of purchases to be reviewed and approved in advance and/or~~

subsequent to the transaction by a designated independent reviewing or approving official);

- ~~b. Procedures requiring that invoices, packing lists, or other documentation identifying the items or services received are reviewed and approved by the cardholder and the designated reviewer. These controls will provide confirmation as to appropriate billing and receipt of the ordered item or service, and that the ordered and received items or services are the same as those requested;~~
  - ~~c. Spending limits for each transaction, spending limits for each day and each billing cycle, established by the Procurement Card Administrator and approved by the campus Controller;~~
  - ~~d. Compliance with account and fund guidelines and approval processes as set forth in the University of California Accounting Manual;~~
  - ~~e. Identification of goods and services that cardholders are authorized to purchase;~~
  - ~~f. Identification of goods and services that cardholders are not authorized to purchase; and~~
  - ~~g. Information regarding the need to comply with Sales and Use Tax requirements.~~
- ~~2. Applying for a Procurement Card: Each application for a procurement card must be submitted by the proposed cardholder's unit to the Procurement Card Administrator. The application must be endorsed by the Chief Administrative Officer, Dean or designee of the unit. The request will indicate who will serve as the cardholder's reviewer(s). The format for such a request will be established by the Procurement Card Administrator.~~
- ~~The cardholder and reviewer will be required to complete procurement card training prior to issuance of a procurement card.~~
- ~~3. Reporting: To provide timely controls over purchasing activities, the bank's procurement card system provides a daily transaction report, or electronic data, which lists each transaction necessary to properly manage and control the program. Various other reports are available at the close of each cycle, including a merchant summary which contains information that can be used to negotiate volume discounts with Suppliers. Sales tax; customer codes, e.g., job number, cost center; 1099 data; and minority Supplier information are captured automatically at the point of sale when a transaction occurs, if the merchant is equipped to record such (level 3) data. (NOTE: This data may not be adequate if a merchant is a level 1 or 2 merchant). To ensure sales or use taxes are paid when a Supplier does not collect the appropriate taxes, the campus should have a procedure to ensure that taxes are properly accrued for payment to the state.~~
- ~~Each card will be assigned a default accounting charge string. When the actual charge is imported, campus procedures may allow the charge to be processed~~

~~using that string, or require that an alternative accounting string be used to record the transaction.~~

- ~~4. **Source Documentation:** The cardholder must obtain source documentation from the Supplier, regardless of the manner in which the order was placed, (i.e. internet, phone, mail, fax, or in person), that is sufficient in detail to allow the reviewer to verify the items purchased.~~

~~Each campus will utilize the detailed procedures for defining acceptable forms of documentation outlined in this Policy (see also the UC Sales & Use Tax Manual).~~

**B. Administrative Review:**

- ~~1. **Department Review:** The responsibilities of a cardholder, who is authorized to make purchases with a procurement card, must be separate from the individual assigned to conduct an administrative review of the purchase.~~

~~a. Department reviewers shall perform an independent administrative review of all purchase transactions for cardholders that are assigned to them.~~

~~b. If the department is too small to assign a reviewer, a reviewer from an outside department may be assigned.~~

~~c. The administrative review ensures that the following requirements are met:~~

~~i. The expenditure was properly authorized;~~

~~ii. The expenditure is described in sufficient detail on at least one document (web/email confirmation, Supplier invoice, packing slip, receipt, etc.); "miscellaneous supplies" is not sufficient;~~

~~iii. There is evidence that the items sold by the Supplier were actually received;~~

~~iv. The expenditure is appropriate, both in general terms and with regard to the specific fund source used. Although administrative personnel are not expected to understand exactly what technical items are to be used for, they should be able to identify questionable expenditures such as computer game software, inappropriate furniture, pet food supplies not relevant to experiments, and the like;~~

~~v. The document must be signed and dated, electronically or on paper, by the reviewer to indicate that an administrative review was performed.~~

~~vi. The review must be conducted in a defined period of time, based on individual campus requirements.~~

- ~~2. **Program Review:** The purchasing unit will perform an administrative review of departmental purchase transactions to ensure program requirements are met. This review may be done on a sampling basis at the discretion of the campus. Each campus shall establish procedures for self-assessment to review the effectiveness of campus procurement policies and procedures.~~

~~The procedures, written by the purchasing unit and approved by the campus Controller, shall describe the types and frequency of reviews, sampling methodology to be used, and data retention requirements. Such assessments may include the following elements:~~

- ~~a. Review of a statistical sample of cardholder records (source documentation) to determine compliance with local procurement card policies and procedures.~~
- ~~b. System edits data mining, and/or visual inspection of transaction records to identify questionable transactions, sufficiency of purchase descriptions and transaction amounts, potentially unallowable costs, purchases of restricted items, split transactions, or potential fraud, waste or abuse.~~
- ~~c. Ensure reviewers perform an administrative review of all purchase transactions within the defined period of time.~~
- ~~d. Documentation of corrective action taken.~~

~~**C. Detailed Procedures:** In most cases, procurement card procedures should parallel a department's established procedures for acquisition and procurement of low-value purchases. However, to prevent fraud or misuse of such cards, each department shall establish additional control procedures as follows:~~

- ~~**1. Card Controls:** The individual whose name appears on a card is responsible for protecting that card and is accountable for all purchases made using that card number. The cardholder may not share their procurement card or number with any other person. To safeguard against the unauthorized use of the card, all orders placed using a card should be made only by the cardholder. Although the cardholder is subject to disciplinary action if the card is misused, liability for procurement card charges resides with the University, not the cardholder.~~

~~Before issuance of a card, each cardholder shall be required to sign a statement acknowledging receipt of the card and agreeing to be bound by the terms and conditions of University procurement card use.~~

- ~~**2. Cardholder Limits:** Each campus shall institute the following point-of-sale controls to impose additional purchasing limits on each cardholder:~~

- ~~a. Dollar limit per transaction;~~
- ~~b. Total dollar amount allowed per day; and~~
- ~~c. Total dollar amount allowed per cycle.~~

- ~~**3. Merchant Category Restrictions:** Cardholders may be restricted from purchasing certain items or services. Each campus may set restrictions by assigning a group of permitted Merchant Category Codes (MCC) to each cardholder. Permitted Supplier types are checked automatically at the point of sale using codes based on North American Industry Classification System (NAICS) designations. For example, a campus could exclude purchases from Suppliers of controlled substances, or radioactive materials.~~



- ~~4. **Department Cards:** No campus may issue a single procurement card for use by multiple employees.~~
- ~~5. **Convenience Checks:** No campus may request or use checks provided by the issuing bank for charges against a University procurement card.~~
- ~~6. **Issuance of Procurement Cards to Purchasing Unit Employees:**  
Purchasing cards may be issued to employees within the central purchasing unit, if the use thereof is supported by a specific business need and guidelines for use are implemented. The campus Controller shall approve all requests to issue procurement cards to central purchasing unit employees.~~
- ~~7. **Issuance of Procurement Cards to Non-University Employees:** Cards shall be issued only to University faculty and staff. Any exceptions must be approved by the campus Controller. Upon approval, these individuals must complete the same training required as University employees, prior to receiving a procurement card or assuming their role.~~
- ~~8. **Cardholder Authorization and Approving Official Designation:** At the time a card is authorized, the Procurement Card Administrator must formally:
  - ~~a. Authorize a specific cardholder to commit funds for the University, and identify the individual spending limits imposed by the campus.~~
  - ~~b. Maintain records documenting cardholder and reviewer assignments.~~~~
- ~~9. **Disputes:** Each cardholder shall be responsible for promptly resolving all disputed transactions with the issuing bank and the merchant. Cardholders must formally notify the issuing bank and the Procurement Card Administrator within 60 days (or within a shorter period if specified by individual campus procedures) of disputed transactions appearing on the cardholder's account statement. Although the Procurement Card Administrator will track the disputed transaction to attempt resolution, the cardholder remains responsible for pursuing the matter to resolution.~~
- ~~10. **Payment Mechanism:** Each purchasing unit may implement guidelines for use of a procurement card as a payment mechanism, which are subject to the approval of the campus Controller. This may include use of the purchasing card as the payment mechanism for e-procurement systems, use of a purchasing card to pay ongoing or recurring charges (i.e. cell phone or bottled water) and use of ghost accounts (where no physical card is issued) for payments to a specific Supplier.~~
- ~~11. **Procurement Card User Population:** Each campus shall determine the number of procurement cards required to meet operational requirements, while also assuring adequate training, certification, audit, assessment, and supervision of the procurement card user population.~~
- ~~12. **Training:** Each cardholder and reviewer must complete training prior to receiving a procurement card or assuming their role. Upon completion of training, the cardholder must sign an agreement stating he/she acknowledges and understands the requirements associated with the proper use of the card.~~

**~~a. New Cardholder Training:~~** Training for proposed cardholders will include:

- ~~i. Review of local policies and procedures regarding procurement card usage;~~
- ~~ii. Restrictions and prohibitions regarding use of the procurement card (e.g., unallowable costs, restricted items, split orders, dollar spending limitations, participation in promotional programs that result in personal gain);~~
- ~~iii. Ramifications for misuse or abuse of the procurement card;~~
- ~~iv. Dispute resolution and importance of timely resolution;~~
- ~~v. The need to safeguard the procurement card at all times;~~
- ~~vi. Reporting a lost or stolen procurement card or compromised account number;~~
- ~~vii. Documentation requirements (e.g., requests and approvals, invoices, receipts, packing lists, or other documentation confirming billing and receipt, etc.) and document retention requirements;~~
- ~~viii. Procedures for the administrative review of each purchase transaction;~~
- ~~ix. Sales and Use Tax requirements;~~
- ~~x. Source and Supplier restrictions;~~
- ~~xi. Property management considerations (e.g., pre-approvals, restrictions and prohibitions, tagging, etc.);~~
- ~~xii. Role of the Reviewer;~~
- ~~xiii. Methods of oversight and types of reviews;~~
- ~~xiv. Sanctions for noncompliance with policies and procedures; and~~
- ~~xv. Proper procedures for surrendering procurement cards upon transfer to a new department, termination of employment or retirement.~~

**~~Part 5: Refresher Training:~~** Cardholders and reviewers are required to complete refresher training annually.

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## **~~VI. RELATED INFORMATION~~**

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~~California Public Contract Code Division 2 - General Provisions, Part 2, Contracting by State Agencies, Chapter 2.1, University of California Competitive Bidding~~

~~Article 2 - Materials, Goods, and Services (§§10507.5-10510) Article 4 - Conflict of Interest (§§10515-10518)~~

~~Article 5, Remedies and Penalties (10520-10526)~~

~~California Labor Code Part 7, Public Works and Public Agencies, Chapter 1, Public Works and Public Agencies, Article 2: Wages (§§ 1770, 1771, 1773, and 1776)~~

~~California Labor Code Part 8, Public Works and Public Agencies, Chapter 1, Public Works~~



University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management  
and Public Agencies

Article 1: Scope and Operation (§§ 1720)

Article 2: Wages (§§ 1770, 1771, 1773, and 1776)

State of California Department of Industrial Relations

Regents Bylaw 12, Composition and Powers

~~University of California – Policy BFB-BUS-43~~

~~BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management~~

Regents Bylaw 30, President of the University

Regents Policy on Procurement of Foreign-Made Equipment, Materials, or Supplies Produced by Forced, Convict, or Indentured Labor

Regents Policy 5402 (Generally Prohibiting Contracting for Services)

AFSCME Collective Bargaining Agreement Article 5

Policy on HIPAA Business Associates IS-3 Electronic Information Security

University Guidelines on Contracting for Services and Formal Notice Policy to Ensure Equal Opportunity in University Business Contracting Policy Regarding Employee-Vendor Relationships

The Contract and Grant Manual

Administrative Guidelines on the Procurement of Foreign-Made Equipment, Materials, or Supplies. Produced by Forced, Convict, or Indentured Labor

Record Retention Schedule

Sustainable Practices Policy

Sustainable Procurement Guidelines UniversityUC Facilities Manual

~~Business and Finance Bulletin BUS-2, Tax-Free Alcohol Permits, Records, and Operations~~

~~Business and Finance Bulletin BUS-29, Management and Control of University Equipment~~

~~Business and Finance Bulletin BUS-38, Disposition of Excess Property and Transfer of University-Owned Property~~

~~Business and Finance Bulletin BUS-50/Controlled Substances Program~~

~~Business and Finance Bulletin BUS-54, Operating Guidelines for University Supply Inventories~~

~~Business and Finance Bulletin BUS-56, Procurement/ Supply Chain Management: Purchases from Entities Violating State or Federal Water or Air Pollution Laws~~

~~Business and Finance Bulletin BUS-63, Insurance Requirements – Certificates of Insurance~~

~~Business and Finance Bulletin BUS-81, Insurance ProgramsUC Conflict of Interest Code~~

~~BUS-2, Tax-Free Alcohol Permits, Records, and Operations~~

~~BUS-29, Management and Control of University Equipment~~

~~BUS-38, Disposition of Excess Property and Transfer of University-Owned Property~~

~~BUS-50, Controlled Substances Program~~

~~BUS-54, Operating Guidelines for University Supply Inventories~~

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

BUS-56, Procurement/ Supply Chain Management: Purchases from Entities Violating State or Federal Water or Air Pollution Laws

BUS-63, Insurance Requirements - Certificates of Insurance

BUS-81, Insurance Programs

PPSM-21, Selection and Appointment

PPSM-82, Conflict of Interest

### **Additional Resources for Small and Diverse Businesses:**

#### **Diverse Business Classifications by Governmental Source**

<b>TERM</b>	<b>SOURCE</b>
Small Business (SB)	<a href="#">State of California Department of General Services (DGS) Procurement Division, Small Business Eligibility Requirements.</a>

TERM	SOURCE
Disadvantaged Business Enterprise (DBE)	Proposition 209 modified the California Constitution to make contracting on the basis of race and gender unconstitutional. This proposition was upheld by the <a href="#">Ninth Circuit Court of Appeals case, Monterey Mechanical</a> that determined MBE/WBE contracting was unconstitutional. <a href="#">The effect on Public Contract Code Section 10115.15</a> was to leave the DVBE program intact. Therefore, such businesses are considered Disadvantaged Business Enterprises.
Disabled Veteran Business Enterprise (DVBE)	<a href="#">State of California Department of General Services (DGS) Procurement Division Disable Veteran Business Enterprise (DVBE) Certification Eligibility Requirements</a>
<a href="#">Code of Federal Regulations (CFR)</a>	
<a href="#">Title 13 Code of Federal Regulations (CFR) – Small Business Administration</a>	
<a href="#">Federal Regulations (FAR)</a>	
i. <a href="#">FAR Part 19 - Small Business Programs</a>	
ii. <a href="#">FAR Part 52.219 - Small Business Programs Provisions and Clauses</a>	
Small Business (SB)	<a href="#">U.S. Small Business Administration (SBA)</a>
Small Disadvantaged Business (SDB) 8(a)	<a href="#">U.S. Small Business Administration (SBA) 8(a) Business Development Program</a>
HUBZone	<a href="#">U.S. Small Business Administration (SBA) Office of the HUBZone Program</a>
Service-Disabled Veteran-Owned Small Business (SDVOSB)	<a href="#">U.S. Small Business Administration (SBA) Veteran-Owned Businesses</a>
Veteran Owned Small Business (VOSB)	<a href="#">U.S. Small Business Administration (SBA) Veteran-Owned Businesses</a>
Historically Black Colleges/Minority Institutions (HBCU/MI)	<a href="#">DFARS Notice of Historically Black College or University and Minority Institution Set-Aside (1994)</a>
Alaska Native Corporations (ANC)	<a href="#">U.S. Small Business Administration 8(a) Business Development (BD) Program for Alaskan Native Corporation-Owned Concerns</a>
<a href="#">Environmental Protection Agency (EPA)</a>	
Disadvantaged Business Enterprise (DBE)	<a href="#">Environmental Protection Agency (EPA) Disadvantages Business Enterprise (DBE) Program (Includes Minority Business Enterprise (MBE) and Women Business Enterprise(WBE))</a>
Fair Share Objectives	<a href="#">Environmental Protection Agency (EPA) Fair Share Objectives</a>
Good Faith Efforts	<a href="#">Environmental Protection Agency (EPA) Good Faith Efforts</a>

## VII. FREQUENTLY ASKED QUESTIONS

## VII. FREQUENTLY ASKED QUESTIONS

Not applicable.

## VIII. REVISION HISTORY

### VIII. REVISION HISTORY

This Policy is also reformatted to meet Web Content Accessibility Guidelines (WCAG) 2.0

**June 11, 2021:** Small Business First was formally approved for incorporation into BUS-43. The effective date is March 1, 2021.

**December 14, 2020:** This policy was updated to add UC's new Small Business First Program requiring that all applicable purchases for UC campuses (excluding UC Health and Design & Construction) valued annually between \$10,000-\$250,000 be awarded to small businesses, wherever practicable. This revised policy was approved by the President as **Interim Policy** effective December 14, 2020 while it goes through the systemwide review.

**April 21, 2020:** This policy was revised to: 1) update the definitions of procurement contract, purchase order, and purchase agreement in Section II: Definitions and 2) add language on when to use a procurement contract or purchase order in Section III, Part 1: Purchase Transactions.

**December 20, 2019:** Technical revision, December 20, 2019: replaced the inaccurate information found in Section III, Part 6, D.6: Retention of Documentation with the approved standard policy language on Records Retention Schedule Information.

**April 12, 2019:** This Policy was updated on April 12, 2019 to: 1) update the terminology relating to Procurement/Supply Chain Manager to Procurement/Supply Chain Director; 2) update the definitions relating to formal competitive bidding from issued publicly by UC to issued publicly by Campus Procurement or qualified entity (e.g. GPO); 3) update the definitions relating to informal competitive quotation by removing submitted in accordance with solicitation from the Procurement/Supply Chain Manager, Commodity Manager or Buyer; 4) update the definitions relating to Small Business Officer to include biannual federal e-SRS reporting on Subcontract plans; 5) add a policy relating to negotiating with bidders; 6) update the exemption from the requirement to competitively bid goods and services section to include usage of the source selection & price reasonableness form; 7) update the unauthorized purchases section to include reimbursement or payment of unauthorized purchases require policy exception authority and/or designee(s); 8) update low value purchases section by removing shall apply to granted additional purchasing authority; 9) update low value purchases section by adding definition of functional reporting; 10) update low value purchases section by adding the amount of

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

additional authority; 11) update procurement card program section by adding or office of record; 12) ) update procurement card program section by adding the retention of documentation to seven years after award close out or end of project research; 13) changed the title of responsible procurement authority section to strategic sourcing director; 14) changed the campus controller section to campus controller or office of record; 15) added the \$250,000 small business purchase threshold in the supplier diversity and federal planning and reporting section and 16) generally update the Policy's language and make it consistent.

**November 17, 2017:** This Policy was updated on November 17 2017 to: 1) update the definitions relating to exceptions from the requirement to competitively goods and/or services contracts for more than \$100,000 annually; 2) encourage competition even when an exception applies, and require documentation of the decision to apply an exception; 3) require approval when the University's template documents are not used; 4) provide that Locations and their Public Records or Information Practices Coordinators should consult with the Office of General Counsel if they receive Public Records Act requests during the course of a procurement process or after an RFP is cancelled; 5) add a policy relating to debarring suppliers; 6) update the dollar threshold applicable to Prevailing Wage Services; 7) limit the circumstances under which "after the fact" Fair Wage/Fair Work exceptions may be approved; 8) provide that contract duration (including the initial term plus all amendments or renewals) may not exceed ten years unless an exception to policy is approved; 9) provide that price may not have less than a 25% weight when the Best Value evaluation method is used; 10) update provisions pertaining to leases; 11) increase the low-value purchase ceiling for individual purchases from \$5,000 per transaction, to \$10,000; 12) update language applicable to purchases that are federally funded; 13) generally update the Policy's language and make it consistent; and 14) eliminate most hyperlinks.

This Policy was remediated in accordance with Web Content Accessibility Guidelines (WCAG) 2.0.

**October 19, 2016:** Revision to update the Fair Wage/Fair Work policy that is applied to services performed at locations owned or leased by UC, including certain endowment or investment properties, annual audit requirement will not apply to Fair Wage/Fair Work services that are subject to State of California prevailing wage law, since these service providers are already highly regulated by the Department of Industrial Relations, effective October 19, 2016.

**October 1, 2015:** Revision to BUS-43 Procurement/ Supply Chain Management to address the Affordable Care Act, Prevailing Wage Legislation, and the Fair Wage/Fair Work Initiative, effective October 1, 2015.

**April 10, 2014:** Revision to BUS-43/Procurement/ Supply Chain Management to address some legal changes, to remove the attachments to this Policy which are all now residing on the home department's websites, and to update links, professional titles, and references, April 10, 2014.

**February 1, 2013:** Addition of policy and procedure related to the passage of SB 1280 (adding Public Contract Code 10507.8) and update some of the language in the

University of California – Policy BFB-BUS-43

BFB-BUS-43 Purchases of Goods and Services: Supply Chain Management

Policy, February 1, 2013.

**July 1, 2012:** Revision to BUS-43/Procurement/ Supply Chain Management to put the Policy into the standard University of California template effective July 1, 2012.

**July 7, 2011:** Revision to BUS-43/Procurement/ Supply Chain Management

**June 12, 2011:** Revision to BUS-43/Procurement/ Supply Chain Management

**December 15, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**November 10, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**October 1, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**August 10, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**May 7, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**April 15, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**March 31, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**December 10, 2008:** Revision to BUS-43/Procurement/ Supply Chain Management

**August 6, 2007:** Revision to BUS-43/Procurement/ Supply Chain Management **May**

**15, 2007:** Revision to BUS-43/Procurement/ Supply Chain Management **March 23,**

**2006:** Revision to BUS-43/Procurement/ Supply Chain Management **June 24, 2005:**

Revision to BUS-43/Procurement/ Supply Chain Management

**August 5, 2004:** Revision to BUS-43/Procurement/ Supply Chain Management

**February 5, 2004:** Revision to BUS-43/Procurement/ Supply Chain Management

**May 31, 2000:** Revision to BUS-43/Procurement/ Supply Chain Management

**August 1, 1999:** Revision to BUS-43/Procurement/ Supply Chain Management



# BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management

<b>Responsible Officer:</b>	AVP – Chief Procurement Officer
<b>Responsible Office:</b>	PS – Systemwide Procurement Services
<b>Issuance Date:</b>	6/24/2021
<b>Effective Date:</b>	3/1/2021
<b>Last Review Date:</b>	5/19/2021
<b>Scope:</b>	All Campuses, Medical Centers, Agriculture and Natural Resources and Lawrence Berkeley National Laboratory

<b>Contact:</b>	Systemwide Procurement Services
<b>Title:</b>	Chief Procurement Officer
<b>Email:</b>	<a href="mailto:ProcurementAdmin@ucop.edu">ProcurementAdmin@ucop.edu</a>
<b>Website:</b>	<a href="https://www.ucop.edu/procurement-services/">https://www.ucop.edu/procurement-services/</a>

## TABLE OF CONTENTS

I. POLICY SUMMARY .....	1
II. DEFINITIONS .....	2
III. POLICY TEXT.....	6
IV. COMPLIANCE / RESPONSIBILITIES .....	31
V. PROCEDURES .....	36
VI. RELATED INFORMATION .....	41
VII. FREQUENTLY ASKED QUESTIONS .....	44
VIII. REVISION HISTORY .....	44

## I. POLICY SUMMARY

### A. This Presidential Policy (BUS-43) is based on:

1. California Public Contract Code, Part 2, Contracting by State Agencies, Chapter 2.1, University of California Competitive Bidding, Article 2, Materials, Goods, and Services (Public Contract Code Section 10507, et seq.)
2. The Bylaws and Policies of The Regents of University of California (UC) and



Policies issued by the President of UC.

- B.** In addition, BUS-43 addresses requirements for federal funding and other extramural agreements. This includes:
1. Recognition that the interests of the people of the State of California are paramount and that University Procurement/Supply Chain Management policies and practices must best serve those interests,
  2. Recognition that the purpose of Procurement/Supply Chain Management is to support the teaching, research, and public service missions of the UC in a cost effective manner,
  3. Continuing development and refinement of University procurement policies in accordance with good business judgment and normal business practice as applicable to UC's total operations, and
  4. Maintaining high standards of performance based upon fair, ethical, and professional business practices. To further this end, UC expects each Procurement/Supply Chain Director (P/SCD), and anyone the P/SCD authorizes to make purchases, to abide by the [Principles and Standards of Ethical Supply Management Conduct](#) of the [Institute for Supply Management \(ISM\)](#) and the Code of Ethics of the [National Association of Educational Procurement \(NAEP\)](#).

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## II. DEFINITIONS

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**Best Value:** The most advantageous balance of price, quality, service, performance, and other elements as defined by UC, achieved through methods in accordance with Public Contract Code Section 10507.8 and determined by objective performance criteria that may include, but not limited to, price, features, long-term functionality, life-cycle costs, overall sustainability, required services, and the reduction of overall operating costs included in the proposal.

**Bidder:** An entity (individual or an organization) that participates in a University formal bid process.

**Commodity Manager:** A procurement professional assigned responsibility on a systemwide basis for coordinating standards and specification development covering specific commodities, or groups of commodities.

**Competitive Bidding:**, this is a formal public process to collect proposals from suppliers for UC goods and services as per legal requirements.

**Conditional Sales Contract:** A written contract specific to UC Health, executed by UC and the seller, containing the essential terms and conditions under which UC gets possession and the right to use the personal property, though the seller retains title to the property as its security until total payment is made, at which time title passes to UC. At the end of the lease term, the Medical Center may wish to purchase the equipment equal to the fair market value. The fair market value shall be determined by mutual agreement between the Medical Center and the Vendor.

**Construction:** See [UC Facilities Manual](#) for definition and policy. The Facilities Manual governs construction contracts – not BUS-43.

**Consultant/Consulting Services:** A consultant is a supplier that provides primarily professional or technical advice. Generally, the University does not control either the manner of performance or the result of the services. Consultants are subject to restrictions in the [Public Contract Code](#) regarding follow-on contracts.

**Disabled Veteran:** A veteran of the U.S. military, naval, or air service with a service connected disability who is a resident of California. To qualify as a veteran with a service connected disability, the person must be currently declared by the U.S. Department of Veterans Affairs to be 10% or more disabled as a result of service in the armed forces. (California Military and Veterans Code, Article 6, §999 et seq.)

**Disabled Veteran Business Enterprise (DVBE):** Business certification offered by the State of California Office of Small Business and DVBE Services (OSDS). To be certified as a DVBE firms must meet the following requirements: The business must be at least 51% owned by one or more disabled veterans; if a limited liability company, the business must be wholly owned by one or more disabled veterans; daily business operations must be managed and controlled by one or more disabled veterans.

**Escalation Authority:** The individual to whom the Policy Exception Authority reports or such individual's designee.

**Execute:** The act of signing a contract, purchase order or other agreement. A fully executed agreement is one that has been signed by all parties.

**Federal Contracts, Grants, and Cooperative Agreements:** Agreements using federal funds for the acquisition of goods and/or services.

**Incentive:** Payment or rebate offered to UC by a supplier to provide additional consideration or compensation to encourage the purchase of goods and/or services from that supplier.

**Inventorial Equipment:** See [BUS-38: Disposition of Excess Property and Transfer of University-Owned Property](#) for definition.

**Laboratory (LBNL):** Lawrence Berkeley National Laboratory.

**Maintenance:** The ongoing upkeep of buildings, equipment, roads, grounds, and utilities required to keep a facility in a condition adequate to support UC's academic, scientific, and public service functions. See [Facilities Manual](#) for additional information.

**Near Relative:** See [PPSM-21](#) for definition.

**Personal Property:** Any movable item subject to ownership as opposed to real property (see below).

**Personal Services:** Technical or unique functions performed by a supplier that is distinctly qualified to render the services. Personal services are of a nature that UC would consider the supplier's experience, qualifications, and skills to be more important than comparative cost when selecting a supplier. Examples of personal

services include translation services, technical editing, technical appraisals, transaction valuation, coaching, interior decorating, and contracts with musicians, artists, and others in the performing arts.

**Policy Exception Authority (PEA):** The Chief Procurement Officer for a non-UC Health Systemwide or Office of the President contract; the AVP, UC Health Procurement for a UC Health Systemwide contract; and otherwise by the Procurement/Supply Chain Director of the campus, medical center, or Laboratory.

**Prevailing Wage:** The Prevailing Wage is the specific wage rate set by the [State of California Department of Industrial Relations](#) for all workers on a Public Work according to the type of work and location. The Department also sets specific audit and reporting requirements encompassing production and retention of certified payroll. UC typically complies with these state requirements by policy. The federal government also establishes prevailing wage rates and reporting requirements applicable in certain instances utilizing federal funding. For federally funded services, UC will apply the more stringent prevailing wage requirements between federal and state law.

**Price Reasonableness:** See Reasonable Price.

**Price Schedules:** Agreements designated as an optional vehicle for supply of goods or services to UC. Such agreements have not been competitively bid, and therefore are not to be used in lieu of securing competition for all purchases over the bid threshold of \$100,000 annually.

**Procurement Contract:** A fully executed (signed by all parties) legally binding agreement for the procurement of goods and/or services by UC that defines performance standards, scope of work, and complex terms associated with the purchase of a good or service.

**Procurement/Supply Chain Director (P/SCD):** UC Location official responsible for Procurement or Supply Chain Management functions, which generally include purchasing, receiving, storehouse operations, and equipment management. This definition also includes designees of a P/SCD.

**Professional Services:** Highly specialized functions, typically of a technical nature, performed by a supplier that, with respect to the services to be rendered, most commonly a) has a professional license; b) is licensed by a regulatory body; and/or c) is able to obtain professional errors and omissions insurance. Professional Services are of a nature that UC would consider the supplier's experience, qualifications, and skills to be more important than comparative cost when selecting a supplier. Examples of Professional Services include clinical and related medical services, legal, accounting, architectural, and engineering services.

**Proprietary Products and Services:** A product or service made and marketed by a supplier having the exclusive right to manufacture and sell.

**Public Works Project:** Construction, maintenance, alteration, demolition, installation, or repair work in excess of \$1,000 done under contract and paid in whole or in part out of public funds. It can include preconstruction and post-construction activities related to a public works project. For a full definition of public

works refer to [Labor Code section 1720](#).

Anyone working on a public works project must be paid prevailing wages as determined by [DIR \(Department of Industrial Relations\)](#).

**Purchase Agreement:** See Procurement Contract.

**Purchase Order:** A commercial document issued on a University Purchase Order form (print or electronic) authorizing a supplier to furnish goods and/or services to UC according to the stated terms (descriptions, quantities, prices, payment terms, and shipment/delivery dates). A Purchase Order forms a one-time contract when issued by UC and performed by the supplier; it is only valid for the purchases referenced on the Purchase Order.

**Real Property:** Land and/or improvements including affixed structures and any other building space or variant of these such as prefabricated structures, mobile or portable, or light tension structures. This definition includes temporary or permanent structures and improvements.

**Reasonable Price:** Also known as price reasonableness, a reasonable price is one that a prudent person would incur in the conduct of a competitive business. Reasonable price may be established by market test, price or cost analysis, or the experience and judgment of the P/SCD. Such judgment considers total value to UC. There is value to UC in purchases which meet UC's needs, such as those involving quality, quantity, delivery, and service. A reasonable price need not be the lowest price available but is one which offers the highest total value to UC for transactions above \$100,000, reasonable price is established through competition sufficient to ensure an adequate market test, or set by applicable law or regulation, or supported by an appropriate price or cost analysis.

**RFx Event:** Competitive sourcing event for solicitation of a Request for Proposal, Quotation, or Information.

**Responsible Bidder:** A bidder who has the capability in all respects to fully perform the contract requirements and whose integrity and reliability will assure good faith performance. Factors considered in evaluating responsibility may include financial resources, past performance, delivery capability, experience, organization, personnel, technical skills, operations controls, equipment, and facilities.

**Services:** Purchases providing help to UC in subjects such as consulting, accounting, transportation, cleaning, hospitality, traveling or maintenance, among others. (See also Personal and Professional Services or Covered Services.)

**Small Business Enterprise (SBE):** Business independently owned and operated that meets certification thresholds for small businesses. The business must be certified by the Federal Small Business Administration (SBA), by applicable state or local government agencies or by districts (such as the California Department of General Services Office of Small Business and DVBE Services).

**Small Business Officer:** A UC employee who acts as a liaison between the business community and Procurement. May participate in local trade fairs, training programs and outreach efforts sponsored by federal agencies to promote contact

with small businesses.

**Sole Source Goods and/or Services:** Sole source goods and/or services are the only ones that will meet UC's needs because they are: a) unique; b) available from only one source; or c) are designed to match others used in or furnished to a particular / installation, facility, or location. See [SSPR Form](#) for detailed definitions

**Strategically Sourced Agreements:** Agreements designated for the supply of goods and/or services to UC that were awarded as a result of a competitive bid process or negotiation. These agreements are for indefinite quantities at firm prices, or with an established basis for negotiated price changes, within a set period of time.

**Student Employee:** An individual who is concurrently a student and a UC employee. Student employees are allowed to contract separately with UC to perform additional campus activities or engagements outside of the scope of their primary University employment per [California Public Contract Code Section 10516](#).

**Sub-Award:** A collaborative research agreement issued by UC under a prime extramural grant which contains special flow-down provisions for the subrecipient. See [The Contract and Grants Manual](#) for more information on managing sub-awards.

**Supplier:** A person, business, contractor, or other entity that provides goods and/or services to UC. Supplier may also be called a vendor or contractor.

**Supplier Diversity Coordinator:** A UC employee who acts as a liaison between the business community and Procurement. May participate in local trade fairs, training programs and outreach efforts sponsored by federal agencies to promote contact with diverse businesses. See also Small Business Officer.

**UC Location:** A discrete organization or entity governed by the Regents of the University of California. Locations include, but are not limited to, campuses, laboratories, medical centers and health systems, as well as satellite offices, affiliates or other offices in the United States controlled by the Regents of the University of California.

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### III. POLICY TEXT

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**Part 1: Purchase Transactions**

**Part 2: Strategic Sourcing Initiative**

**Part 3: Supplier Diversity and Federal Planning and Reporting**

**Part 4: Personal Property/Special Acquisition**

**Part 5: Employee-Supplier Relationships**

**Part 6: Procurement Card Program**

#### **Part 1: Purchase Transactions:**

##### **A. General Policy and Applicability**

- 1. Policy:** It is UC's policy to support its mission of education, research, and public service by purchasing goods and/or services that provide the highest total value to UC while complying with applicable law. UC must also afford the

maximum opportunity feasible to those who wish to become suppliers to UC.

- 2. General Applicability:** BUS-43 applies to all UC Locations' purchasing activities, unless otherwise indicated or if the LBNL is following federal policies and procedures.
- 3. Applicability under Federal Contracts and Grants:** BUS-43 applies to federal funds used for the acquisition of goods and/or services. If there is a conflict, then the following take precedence over the requirements in BUS-43:
  - Applicable federal law
  - The standards identified in the Federal Acquisition Regulations (FAR), the Office of Management and Budget (OMB), and the Defense Federal Acquisition Regulations Supplement (DFARS)
  - Any applicable mandatory requirements or provisions imposed by federal awarding agencies
- 4. Classification for Federal Tax Purposes:** UC must follow applicable law regarding the classification of persons or entities providing services to UC. This specifically applies to determining if service providers are UC employees or independent contractors. The department or individual requesting the service must provide completed tax classification forms prior to procurement of services.
- 5. Restrictions on Contracting for Services:**
  - a. Covered Services: [Regents Policy 5402 \(Policy Generally Prohibiting Contracting for Services\)](#) and the American Federation of State, County, and Municipal Employees (AFSCME) EX and SX bargaining unit [Collective Bargaining Agreements' \(CBAs\) Article 5](#) restrict what services UC may contract out. These restrictions apply to services that are performed by the AFSCME titled UC employees in the EX and SX bargaining units (known as covered services). See the [Procurement Services SharePoint portal](#) for more information.
  - b. Services that Displace UC Employees: In addition, California Public Contracting Code (PCC) and UC HR policy require a careful review of any proposed service contract where UC staff would be displaced. The [Guidelines on Contracting for Services](#) state the obligations for each party when there is a proposed service contract that would result in displacing UC staff. Requesting individuals must submit a completed "Formal Notice Pursuant to University Guidelines on Contracting for Services" (p. 8-9 in the [Guidelines on Contracting for Services](#)), and this notice will be reviewed and certified by the Office of Systemwide Human Resources and the Office of the Chief Financial Officer prior to entering into the proposed service contract.
- 6. Procurement Contract vs. Purchase Order (PO):** Procurement contracts and purchase orders have different purposes. Procurement contracts become legally binding documents when both parties sign, and they are used for long term arrangements as well as for complex, highly sensitive engagements where



risk and documentation of commitments or liabilities is important. Purchase orders are commercial documents used for transactions and become legally binding when the supplier accepts the PO either in writing or by providing any of the goods or services listed in the PO. Purchase orders also are used to effect releases against an existing contract.

7. **Contract Duration:** The maximum duration of any UC procurement contract to purchase goods and/or services, including the initial term and all amendments or extensions, must not exceed ten years.
8. **Exceptions to Policy:** Exceptions to BUS-43 must be approved by the appropriate Policy Exception Authority.

**B. Expenditure of Less Than \$100,000 Annually for Goods and/or Services:**

1. **General Requirements:** Buyers may use negotiation as a tactic in procurements where the agreement or transaction with the specific supplier does not exceed \$100,000 annually.

The P/SCD may also require competition for these procurements if it is necessary to develop a source, validate prices, or if there are other compelling business reasons. Buyers may also use both negotiation and competitive quotes if competition is not feasible or required.

UC supports small businesses through Small Business First, which requires all procurements valued between \$10,000 and \$250,000 annually be awarded to Small Businesses or Disabled Veteran Business Enterprises wherever feasible. See Section III, Part 3, Subsection C. Small Business First below for more details.

2. **Conduct of Negotiations:** Negotiations may be conducted orally or in writing with one or more suppliers. The P/SCD is responsible for determining the number of suppliers to include in negotiations, and the P/SCD may consider complexity of purchase and market conditions when making that determination.
3. **Agreements with Suppliers:** The P/SCD must determine the appropriate contracting vehicle level sufficient to protect UC's interests, and each purchase agreement must be in writing. In addition, the agreement must include the UC Terms & Conditions (UC T&Cs). The buyer must use the UC standard templates available on the Procurement Services Forms & Policies SharePoint portal to craft the agreement as much as possible.<sup>1</sup> If the P/SCD authorizes using the supplier's agreement template for a purchase transaction, then the buyer must document the reason for the exception.

**C. Expenditures of \$100,000 or More Annually for Goods and/or Services:**

1. **General Requirements:** [California Public Contract Code Section 10507 et](#)

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<sup>1</sup> See the [Procurement Services Forms & Policies SharePoint portal](#) for the most current versions of the UC forms and templates.

[seq.](#) requires that UC competitively bid all purchases either valued at \$100,000 or more or with proposed annual expenditure of \$100,000 or more unless an exception applies.

- a. [California Public Contract Code Section 10508.5](#) also allows UC to award purchase agreements valued up to \$250,000 to certified Small Business Enterprises and/or Disabled Veterans Business Enterprises (SBE/DVBE) without competitive bidding. UC must get quotations (quotes) from two or more certified small businesses in order to bypass competitive bidding requirements. UC See Section III, Part 3, Subsection C. Small Business First below for more information.

## 2. RFx Requirements:

- a. **Specifications:** These must contain descriptions that are adequate to obtain competition. Suppliers must have enough information to provide appropriate responses. In addition, the specifications must provide the same information to all competing suppliers and must not, to the fullest extent feasible, favor one brand, trade name, article, manufacturer, or supplier over others. It is the responsibility of the supplier to ask clarifying questions regarding the specifications if they do not fully understand the requirements.
- b. **Brand or Trade Names:** Specifications may include brand or trade names only when needed for descriptive purposes. If specifications include a brand or trade name, then they must also contain a description of the technical features. The description must be sufficient to determine if other available goods or services are equivalent to the brands or trade names specified.
- c. **Date Needed:** The date must provide a reasonable time to obtain competition, secure timely delivery, or obtain contract performance based on realistic schedules. Requests must avoid requirements, whenever feasible, that may result in payment of premium costs due to abnormally short delivery or performance times.
- d. **Verification of Needs:** Prior to releasing RFx Events, the P/SCD must confirm that specification requirements such as abnormally short delivery or performance times are reasonable and necessary.

## 3. Supplier Qualification:

- a. Suppliers must qualify as responsible bidders when participating in an RFx event. RFx Event manager must determine whether a bidder is a responsible bidder.
- b. UC may choose to conduct supplier prequalifications separate from the RFx. The RFx Event must specify if bidders are to submit qualifying information prior to submitting bids or with their bids.
- c. Prospective bidders must provide relevant information as required to determine responsibility in order to qualify for bidding. RFx Event teams



must define qualification requirement factors that are relevant to the event and have appropriate levels of complexity, cost, risk, and response time. All potential bidders must be given equal consideration in evaluating qualifications to determine if a supplier is a responsible bidder.

- d. Prequalification is not the final determination of responsible bidder status. The P/SCD may change the qualification status of a bidder based on subsequent information.
- e. The P/SCD may prequalify known suppliers with a current record of satisfactory performance and reliability. This prequalification only applies to goods and services they have previously supplied.

#### 4. Quotation Solicitation:

- a. **Competition:** UC must use competition when soliciting quotes for goods and/or services if estimated annual spend is more than \$100,000 per year. UC must not artificially divide requirements into separate transactions in order to avoid competition.

- b. **Public Access to RFx Information:** For formal RFxs, UC must post all RFx documents to the public where feasible. Such public availability includes but is not limited to:

- Pushing electronic notices such as email out to appropriate suppliers;
- Posting an appropriate notice in a place readily accessible to suppliers (e.g. Systemwide and Location websites) who may be interested in submitting a quotation or bid;
- Using third-party organizations where applicable, to inform potential suppliers of UC's practices, or
- Making an appropriate newspaper or trade journal announcement, the PP/SCD determines it to be in UC's best interests.

The P/SCD may extend the RFx deadlines for submitting proposals. UC must publicly post the deadline extension and concurrently notify all bidders of the new deadline.

- c. **Solicitation:** If the RFx is not posted publicly, then UC must use as broad a solicitation of qualified potential bidders as feasible for formal competition. UC must solicit at least three sources and, if there is a limited market, the solicitation may include written inquiries to determine supplier interest and capability.
- d. **Form and Content:** The P/SCD may obtain RFx responses electronically or in writing. When soliciting RFx responses, UC must give each supplier the same information for preparing and submitting those responses. The solicitation must specify which evaluation method UC will use. If the award will be based on the Best Value method, then the RFx must list the different factors or criteria to be considered in the evaluation.

UC must establish the number of points as well as the standards for determining the range of points that may be awarded per factor/criteria

prior to quotation opening. UC may choose to disclose how many points are possible per factor/criteria to the bidders. UC may also reserve the right to accept or reject quotes on each item separately, or the quotation as a whole, without further discussion.

## 5. Processing RFx Responses:

- a. **Acceptance:** UC must accept all RFx responses received on or before the date and time specified in the solicitation. UC may reject any late responses unless UC is responsible for the delay.
- b. **Rejection:** UC is not required to accept any responses, and UC may reject all responses without providing an explanation if UC has not awarded a contract or entered into negotiations with a bidder. In addition, UC may reject all responses when an award would not result in a reasonable price. UC must reject any quotation that is determined to be non-responsive<sup>2</sup> or from a non-responsible bidder.
- c. **Exceptions:** UC may not allow a bidder to correct an error, take an exception to a specification, or waive an irregularity if it gives that bidder a material advantage over other bidders.
- d. **Quotations:** UC must not open bid documents publicly unless, in the judgment of the P/SCD, a public opening will be advantageous to UC.

## 6. Award of RFx:

- a. **General Basis:** While California Public Contract Code allows UC to use both Best Value and Lowest Cost methods to evaluate RFx, Best Value is the preferred methodology under UC policy. The [Sustainable Practices Policy](#) requires procurement teams to allocate 15% of evaluation points to sustainability. The [Sustainable Practices Policy](#) also governs granting exceptions to this requirement.

If the apparent awardee(s) refuse or fail to execute the tendered Purchase Agreement, then UC may award the RFx successively to the next responsible bidder, and then to the third in the event of further refusal or failure.

- b. **Best Value:** The weight for the financial component must be at least 25%, and sustainability must be at least 15% in Best Value evaluations.
- c. **Responsive Quotation:** In all bid evaluation methodologies, UC must limit consideration for award to responsive quotations. Quotes are not responsive if the bidder does not provide information on all mandatory items or if the bidder indicates they cannot comply with mandatory items.
- d. **Reasonable Price:** The P/SCD must determine that prices are reasonable before UC can enter into a purchase agreement for awarded RFx. Prices are considered reasonable when the P/SCD determines that

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<sup>2</sup> Bid that is not in substantial conformance with the RFx requirements.

the RFX has resulted in a reasonable market test. Prices are also considered reasonable when set by applicable law or regulation. If neither scenario applies, then UC must determine price reasonableness through appropriate price analysis.

In addition, UC may use pricing techniques from federal regulations in documenting price reasonableness. If using federal pricing techniques, UC must take into account the different character and scale of purchases for which these techniques were developed. UC must comply with FAR and DFARS requirements when using funds from federal grants and contracts. UC must document price reasonableness justifications for audit purposes. The documentation must be traceable, and UC must provide backup to any statements.

- e. **Negotiation:** In some circumstances, it is not possible to specify all of UC's requirements, and UC may use negotiation. The RFX must state that the lowest responsible bidder will be awarded the right to negotiate those requirements with UC. If the parties are unable to reach agreement, UC may go to the next lowest bidder if it wishes but it is not required to do so. UC holds the rights to negotiate with one or all bidders at its discretion, or if it is in the best interest of UC.
- f. **Multiple Awards:** UC may award the RFX to multiple suppliers when the P/SCD determines that a single supplier may not be capable of fulfilling UC's needs. UC must expressly reserve the right to make multiple awards.
- g. **Notification:** At the end of the award process, UC must notify non-awarded bidders in writing that they were not selected.

## 7. Purchase Agreements:

- a. **Written Purchase Agreements:** Purchase Agreements must be in writing and may be in electronic format with digital signatures.
- b. **Inapplicability to Construction and Research Collaboration:** Authority may not be delegated to SCM/Procurement Officials to execute construction and research collaboration agreements, unless limited exception is granted.
- c. **Standard Documents:** Purchase Agreements must be on the most current version of the UC template documents<sup>3</sup>. UC may not make changes to the templates unless those changes are authorized in the annotated versions of the templates. The Policy Exception Authority or designee, in consultation with UC Legal – Office of the General Counsel (UCL), must approve any changes not authorized in the annotations.
- d. **Special Documents:** Purchase agreements for goods and services that support research and development work, sub-agreements for research,

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<sup>3</sup> See [Procurement Services Forms & Policies SharePoint portal](#) for UC templates

unusually complex or high-value items or services, or other unusual requirements, may require the use of documents specially created for the purpose. UC must consult the P/SCD and UCL before entering into such purchase agreements.

- e. **Extramural Agreement Provisions:** UC must include UC's Terms and Conditions (UC T&Cs) with standard purchase orders and subcontracts using federal funds. Do not use UC T&Cs when issuing sub-awards for research.

#### **8. Performance and Acceptance:**

- a. **Changes:** If an executed purchase agreement must be changed, then UC must negotiate those changes in a way that ensures the amended agreement does not violate the principle of competition or disadvantage UC.
- b. **Receiving and Acceptance:** The end user department is responsible for inspection of purchased goods and services. The department must conduct that inspection upon receipt or performance or as quickly thereafter as is feasible. The department must also reconcile discrepancies promptly with the supplier. The end user must take particular care when accepting complex products such as complex equipment and unusual services. UC must document acceptance tests or other acceptance criteria in the purchase agreement for these types of purchases.

#### **D. Exemptions from Competitively Bidding Goods and Services:**

- 1. **General Requirements:** The requirement for competitive bidding of goods and services with expenditures in excess of \$100,000 annually may not apply in the following circumstances:
  - When the P/SCD determines that the goods and/or services are sole source goods and/or services,
  - The Services are Professional or Personal Services,
  - There is an unusual or compelling urgency to obtain the goods or services,
  - The procurement takes place through Small Business First (see Section III, Part 3, Subsection C. below for more details)
  - The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-federal entity (in the case of federally funded purchases only), or
  - If after solicitation of a number of sources, the P/SCD determines competition is inadequate.

However, UC Locations are strongly encouraged to seek competition even in cases where the goods and/or services are exempt from the requirement to competitively bid.

- 2. **Governing Requirements:** All other requirements governing the purchases of goods and services also apply to those purchases that are exempt from competition.

### 3. Solicitation of Quotations (or Proposals):

- a. **Pre-Solicitation Investigations:** Before soliciting non-competitive quotes, the P/SCD must develop sufficient information on available goods and services to:

- Permit reasonable consideration of alternatives and evaluation of any technical information required to determine that the product or service is exempt from competitive bidding;
- Assess the capabilities of potential suppliers;
- Aid in design work;
- Develop complex specifications;
- Estimate prices/costs, and/or;
- Establish time for delivery or performance.

P/SCDs must take care to request reasonable supplier effort and to avoid making actual or implied commitments to suppliers while gathering this information.

- b. **Specification Development:** End user departments must write requirements in industry standard terms to ensure there is a reasonable basis for securing quotations and adding accurate specifications to purchase agreements.
- c. **Form and Content:** Quotations must be in electronic or written form. The end user department must clearly establish the basis for quotes. The buyer must give any information needed to prepare and submit quotes to all potential suppliers. This includes confidentiality and negotiation requirements.
- d. **Documentation:** The P/SCDs must use the [Source Selection & Price Reasonableness \(SSPR\) Form](#) for documenting exceptions to competitively bidding goods and services.

### 4. Processing Quotations Received:

- a. **Rejection:** UC may reject all quotes when an award will not result in a reasonable price and/or terms. The P/SCD may also reject quotes determined to lack technical merit or that will not otherwise reasonably satisfy UC's requirements.
- b. **Irregularities, and Clerical Errors:** UC may allow bidders to correct irregularities or clerical errors in quotes.

### 5. Awards of Purchase Contracts:

- a. **General Basis:** UC may award purchase agreements once the P/SCD determines that the supplier is a responsible bidder and that the quote has a reasonable price.
- b. **Negotiation of Reasonable Prices and Other Terms:** UC may negotiate reasonable prices and terms if the P/SCD determines it is appropriate to do so.

### E. Purchase Limitations and Special Requirements:

## 1. Campus and LBNL:

**a. Office of the President Coordination:** Local procurement teams must coordinate with the Office of the President in the following matters:

- Transactions that exceeds delegated authority.
- Transactions with the potential for a significant risk, liability, or a high impact indemnification
- Matters such as sensitive policy issues or those with potential or actual claims or disputes involving significantly large amounts.

Local procurement teams must coordinate with Systemwide Procurement Services in these matters. The Chancellor, Vice President of ANR, or LBNL Director will determine format and content required in each case.

## **b. Prevailing Wages on Public Works in Excess of \$1,000:**

1. **General Requirements:** UC requires prevailing wages for all public works maintenance projects. BUS-43 applies to Public Works administered by Procurement Services. The UC Facilities Manual governs Public Works administered by Facilities Management.
2. **Exceptions to Prevailing Wage<sup>4</sup>:** The following are examples of categories exempted from prevailing wage:
  - Routine janitorial or custodial services,
  - Protection of the sort provided by guards, watchmen, or other security forces, or
  - Landscape maintenance work by sheltered workshops where sheltered workshops are non-profit organizations licensed by the Chief of the California Department of Labor Standards Enforcement employing mentally and/or physically disabled workers.
3. **Award Procedures:** UC must:
  - Include certain mandated language in UC's solicitation and contracting documents;
  - Verify that supplier is registered with the Department of Industrial Relations (DIR);
  - Determine the date of the prevailing wage determination applicable to the Public Work (i.e., date of award);
  - Inform DIR of award by filing a PWC 100 form which can be located on the DIR website;
  - Make available the prevailing wage schedule upon request; and

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<sup>4</sup> Exceptions to prevailing wage may be subject to wage and benefit parity requirements under Regents Policy 5402 and Article 5 of AFSCME's EX and SX CBAs.

- Take action upon receiving a report of a suspected prevailing wage violation.
- c. **Temporary or Supplementary Staffing Agencies:** To ensure compliance with the Federal Patient Protection and Affordable Care Act, UC requires that all contracts with temporary or supplementary staffing agencies contain a provision substantially in the form of the Patient Protection and Affordable Care Act Employer Shared Responsibility article in the UC Terms and Conditions of Purchase.
- d. **Fair Wage/Fair Work:**
  1. **General Requirements:** Suppliers providing services at UC Locations must pay a minimum of \$15 per hour to their employees performing those services<sup>5</sup>.
  2. **Contracting Procedures:** All contracts for UC Fair Wage/Fair Work Services must contain the UC Fair Wage/Fair Work Article in the UC T&Cs
  3. **Exceptions:** The PEA must approve any exceptions to BUS-43. End user departments must submit exception requests prior to entering into an agreement for Fair Wage/Fair Work services unless UC determines there is no other supplier available within the required time frame. In such cases the PEA must document approval in writing.
  4. **Audit:** Suppliers must agree to provide verification of an independent audit for compliance with Fair Wage/Fair Work for services provided that exceed \$100,000 within a 12 month period. Suppliers must also make available work papers for Fair Wage/Fair Work services when the UC auditor requests them. This does not apply to services subject to prevailing wage requirements<sup>6</sup>.
- e. **Alcohol, Drugs, Hazardous and Radioactive Materials:** Federal and State laws and regulations govern the purchase, control and use of narcotics, dangerous drugs, ethyl alcohol, and radioactive and other hazardous materials. Each UC Location must establish appropriate procedures and controls to ensure compliance with these laws and regulations and with prudent practices in the industry. (See also [BUS-2, Tax-Free Alcohol Permits, Records](#), and Operations and [BUS-50, Controlled Substances](#)).
- f. **Product Recall:** Each UC Location must establish a procedure that assigns responsibility for notifying the UC Location of product recalls. The procedure must identify who is responsible for coordinating and documenting the return, repair, or destruction of the defective products.

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<sup>5</sup> UC may also require suppliers to pay wage and benefit parity to employees if they are providing services covered under Regents Policy 5402 and Article 5 of AFSCME's EX and SX bargaining unit CBAs.

<sup>6</sup> See [Procurement Services Forms & Policies SharePoint Portal](#) for more resources on Fair Wage/Fair Work

- g. Letters of Intent:** At times it may be necessary for the P/SCD to issue a letter of intent in advance of a Purchase Order. Since UC may be legally bound by the letter, it is subject to the same restrictions and policy requirements as other purchase actions including, but not limited to, the requirements for competition, determination of price reasonableness, and appropriate administrative approval.
- h. Incentives:** Agreements containing incentives must adhere to the following:
- All incentives must be identified as such and listed in the Purchase Order or Purchase Agreement. The P/SCD must include the value of the incentive payment when determining price reasonableness.
  - Incentives must be returned to the University as cash rather than credits to make additional purchases whenever feasible. If the Purchase Order or Purchase Agreement only provides for incentive credits, then the UC location must use such credits as soon as possible. The credits must be used to purchase needed goods and services for the program or activity that generated the credits.
  - Patronage and earned incentive checks must be made payable to The Regents of the University of California and remitted to the appropriate Location office as determined by Systemwide Procurement.
  - All incentives and discounts based on the volume (sales, transactions, quantities, dollars, or any other similar measure) of goods and services provided or on prompt payment for goods and services must be credited back in a timely manner to the Federal Sponsor or Federal flow-through source account/fund, or to the sponsoring or cognizant agency, that was directly charged or recharged for the original purchase.
  - The University program or activity receiving the incentive must track the use of incentives.

## **2. Campuses Only:**

- a. Purchasing Goods that Require Installation:** UC must include installation in the same agreement as the purchased goods whenever feasible. See the [UC Facilities Manual](#) for procedures on processing these agreements and guidelines on provisions to include in the agreements.
- b.** There may be instances where it benefits UC to use separate transactions for the purchases of goods and their installation. UC must consider the following factors when deciding to use separate transactions:
- Time, cost, and supplier requirements;
  - Warranty issues;
  - Installation by UC craft labor (depending upon the dollar amount), or
  - Whether or not the installation involves the erection, construction, alteration, repair, or improvement of any University structure; or
  - Whether or not the State of California requires a contractor to have an



active, valid license in order to perform the work.

- c. If the purchase will cost more than \$50,000, then consult [UC Facilities Manual](#) or [UCOP Facilities Management Asset Management and Physical Planning Procedures and Guidelines](#) to determine what type of purchase agreement, purchase order, or construction contract is appropriate.
- d. The UC location's facilities management department must approve all purchase orders that involve alterations to buildings or installations that affect the nature of a building.

**F. Resolution of Controversies over the Solicitation or Award of a Contract:**

- 1. Escalation Authority:** The Escalation Authority has authority to resolve protests and other controversies of actual or prospective bidders regarding the solicitation or award of an agreement or contract.
- 2. Filing of Protest:** Any actual or prospective bidder who has a complaint regarding the solicitation or award of an agreement must first attempt to resolve the grievance with the procurement or supply chain professional, P/SCD, or other University Contracting Officer involved in the transaction. If the controversy over the solicitation or award of an agreement cannot be resolved at this level, the complainant may file a protest with the Escalation Authority. A protest must be filed promptly and in any event within two calendar weeks after such complainant knows or should have known the facts for initiating a protest. All protests must be in writing.
- 3. Decision:** The Escalation Authority must appoint one or more individuals to investigate the issues involved in the protest, analyze the findings, consult as appropriate with UCL, and promptly issue a decision in writing. A copy of that decision must be furnished to the aggrieved party, and the decision must state the reasons for the action taken.
- 4. Effect of a Protest:** In the event of a timely filed protest, UC may not proceed further with the solicitation or award involved until the protest is resolved or withdrawn. After evaluating the protest, the Escalation Authority may, in consultation with UCL, decide that continuing the procurement is necessary to protect substantial interests of UC. The Escalation Authority must issue this determination in writing and include the reasons for continuing with the procurement.
- 5. Unresolved Controversies:** The Escalation Authority must consult UCL if there are potential or actual claims or disputes that cannot be settled in a fair and equitable manner using the required escalation path.

**G. Public Records Requests:**

- 1. Governing Requirements:** Third parties may request records relating to any University transaction. The P/SCD must immediately forward such requests to the Public Records or Information Practices Coordinator and work with that office in producing records as appropriate. Where records are requested during the course of a procurement process or after an RFP has been cancelled, UC

Locations and Information Practices Coordinators must consult with UCL before releasing responsive records. In many circumstances, there are legal exemptions to protect records from disclosure during the period prior to final award.

#### **H. Unauthorized Purchases:**

**1. Responsibility:** An individual who has not been delegated purchasing authority and who makes an unauthorized purchase of goods or services is financially responsible for the unauthorized transaction. The PEA may choose any of the following:

- Require the unauthorized individual to cancel the transaction and pay any cancellation charges
- Require the unauthorized individual to pay either the full amount or the amount to cover items whose purchase would not otherwise be authorized.
- Require the unauthorized individual to pay the difference between the charges incurred and the charges UC may reasonably have incurred for a properly authorized purchase
- Require the unauthorized individual to personally reimburse UC for unauthorized purchase of good or services.

#### **I. Low-Value Purchases:**

**1. Policy:** UC Locations may develop methods for reducing costs of executing low-value purchases. Such methods must establish definite dollar limits of use and must require compliance with purchasing policies and requirements.

**2. Low-Value Purchase Authorization:** The P/SCDs may authorize individuals in departments outside the purchasing department to make low-value purchases. Each delegation of authority must be in writing and must contain written guidance adequate to ensure observance of good business practices as well as compliance with UC purchasing policy. The P/SCD at each UC Location determines its Low-Value Purchase Authorization limit amount, and the amount must not exceed \$10,000 per individual transaction or \$100,000 per supplier per year. Designated individuals may execute all purchases under this limit for each department. The P/SCD must ensure that all such authorized individuals are trained in compliance with UC Policy and good business practices.

In addition, the following apply:

- Individuals delegated purchasing authority have a functional responsibility<sup>7</sup> to the P/SCD;
- Authorized individuals must limit purchase to goods and services not available in UC inventory;

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<sup>7</sup> A functional reporting relationship is established when contracting duties are allocated a dedicated % effort on an individual's job description

- Authorized individuals must purchase through strategically sourced agreements, including eProcurement, when available. Authorized individuals must also use established maintenance agreements or internal resources when available for repairs;
- Transactions must specifically prohibit purchases of goods determined inappropriate by the P/SCD. Examples are inventorial equipment (BUS-29, Management and Control of University Equipment); specially controlled items such as ethyl alcohol (BUS-2, Tax- Free Alcohol Permits, Records, and Operations); narcotics and dangerous drugs (BUS 50, Controlled Substances Program Best Practices Guide); firearms, precious metals, explosives, and other hazardous materials; and Consulting Services;
- Authorized individuals must not artificially divide purchase transactions to avoid the authorization limit; and,
- Internal auditors familiar with procurement policy, or an appropriate designee, must conduct periodic appraisals to ensure authorized individuals are complying with UC purchasing policy. These appraisals may provide a basis for adjusting or discontinuing an individual's authorization.

Check with your local procurement team for more information regarding this section.

**3. Purchasing Authority Outside of the Procurement Department:** The P/SCD may delegate additional purchasing authority to individuals outside the Purchasing Department, under the following conditions:

- a. Qualifying departments must have an historical level of purchase activity sufficient to ensure that a higher level of authority will result in more cost effective procurement.
- b. Qualifying departments have written procedures for implementing the increased delegation of authority, and the P/SCD has approved these procedures;
- c. Individuals delegated such additional purchasing authority have a functional responsibility to the P/SCD. The P/SCD must ensure that all purchasing activity is conducted in accordance with University policies and procedures. The P/SCD must also ensure that the authorized individuals are trained in compliance with UC policies in order to effectively use the increased authority;
- d. The P/SCD or designee may periodically audit the individual's contracts and supporting documentation. If the P/SCD finds issues with the contracts or documentation, then the P/SCD may work with the individual's primary supervisor to develop a corrective action plan. The P/SCD must revoke the individual's authorization if issues persist;
- e. The amount of additional authority must not exceed the \$100,000 threshold for competition;

- f. Any such delegation must specifically prohibit purchases of goods and services determined inappropriate by the P/SCD. Examples are inventorial equipment (BUS 29, Management and Control of University Equipment); specially controlled items such as ethyl alcohol (BUS 2, Tax-Free Alcohol Permits, Records, and Operations); narcotics and dangerous drugs (BUS 50, Controlled Substances Program); firearms, precious metals, explosives, and other hazardous materials; and Professional Services, including Consulting Services.
4. **Exceptions:** The P/SCD may grant exceptions as to dollar amount and items to be purchased when notified by the responsible official that an emergency situation exists. The exception must be on a transaction by transaction basis.

**J. Personal Purchases:**

1. **Policy:** Individuals must not use UC credit, purchasing power, facilities, and services to purchase goods or services for individuals or for non-UC activities. A UC administrator with the appropriate delegated authority, and in consultation with UCL, may approve any such purchases if they are for a UC program.
2. **Discretionary Use:** If the Chancellor approves, then organizations and activities closely allied to or officially associated with UC (such as a faculty club or an ASUC organization) may purchase materials not subject to federal tax through their local procurement team.

**K. Debarment:**

UC may debar a Supplier from doing business with UC by providing the Supplier with written notice stating:

- The reasons that UC intends to debar the Supplier;
- The length of time for the intended debarment; and
- The time frame in which the Supplier must respond if the Supplier disputes UC's rationale for debarment.

The default debarment period is three (3) years but may vary according to the circumstances. The Supplier has two (2) weeks to respond to the notice of intended debarment. UC will review any Supplier response to the debarment notice and inform the Supplier of UC's disposition of the matter. UC Locations are encouraged to consult with the UCL in this regard.

**Part 2: Strategic Sourcing Initiative:**

- A. **Policy:** It is UC's policy to use planned, quantity purchasing to support its mission of education, research, and public service. To this end, UC must use regional and systemwide purchases, strategically source agreements, and price schedules to the maximum extent feasible.
1. **Economic Advantage:** The major emphasis of the Strategic Sourcing Initiative is economic benefit to UC. UC must consider both administrative cost avoidance (a reduction of internal administrative costs), cost savings (a reduction of cost for purchase such as a discount on price), and price avoidance (a reduction of price increases for the commodity) in determining economic advantage.

- 2. Agreement Practicality:** UC may establish strategically sourced agreements when administrative cost avoidance, price avoidance, and/or cost savings can be achieved if the responsible official has determined that utilization and estimated dollar value are sufficient to justify such an agreement.

For systemwide agreements, the cost/price reductions must be greater than could be obtained by an individual campus. The cost/price reductions must also exceed the cost of administering the agreement as well as the aggregate costs of individual campus purchase actions.

- 3. Goods and Service Acceptability:** The goods and services purchased through a strategically sourced agreement must meet the same quality standards as any other purchase agreement for those goods and services. The Commodity Manager must take into consideration information gathered from local procurement teams and/or end user departments when determining requirements.
- 4. Lawrence Berkeley National Lab (LBNL) Participation:** The prime contracts which govern LBNL operations require the use of certain government sources not generally available to the campuses. LBNL may use strategic sourcing agreements when they are cost effective and there is no conflict with federal requirements.

#### **B. State Supply Schedules and Contracts:**

- 1. Evaluation and Designation:** Commodity Managers must consult with appropriate subject matter experts when evaluating state supply schedules and contracts for use in strategically sourced agreements or price schedules. The Commodity Managers must comply with BUS-43 when using California Multiple Award Schedules (CMAS).
- 2. Liaison with State Procurement Office:** The Associate Vice President and Chief Procurement Officer - Procurement Services and the UC Health Chief Procurement Officer may represent UC in its relations with the State Procurement Office, Department of General Services to secure mutually beneficial supply agreements. Commodity Managers may make reports and suggestions regarding state supply schedules or contracts to the Associate Vice President and Chief Procurement Officer-Procurement Services.

### **Part 3: Supplier Diversity and Federal Planning and Reporting:**

- A. Policy:** This section describes the responsibilities and procedures that each University location must establish and maintain to ensure that no firm seeking to do business with UC is discriminated against on a basis prohibited by law or UC policy (prohibited basis). This section also describes the steps that UC must take for a good faith effort to comply with all state and federal laws, regulations, and policies on non-discrimination.
  1. UC must not discriminate against any firm seeking to do business with UC.
  2. UC recognizes that it has a responsibility to provide procurement

opportunities to a diverse supplier pool<sup>8</sup> as stated in the [Principles and Standards of Ethical Supply Management Conduct](#), and the [Principles of Sustainability and Social Responsibility](#), which are standards of practice derived from [The Institute of Supply Management \(ISM\)](#) and the Code of Ethics of the [National Association of Educational Procurement \(NAEP\)](#).

3. When applicable, UC must comply with extramural funding requirements and subcontracting plans for specific federal contracts regarding goals for dedicating a portion of UC's business to small, diverse, and disadvantaged businesses. UC may use outreach programs and supplier fairs to promote these goals. Each UC Location must develop supplier diversity plans. These plans must include reporting requirements as outlined in the [UC Sustainable Practices Policy](#) as well as steps for complying with supplier diversity goals and applicable state and federal policies.

- B. Small Business First:** [UC Sustainable Practices Policy](#) includes the goal of awarding 25% Economically and Socially Responsible (EaSR) spend annually to small and diverse owned businesses. In addition, the PCC allows UC to limit competition and award purchase agreements valued up to \$250,000 to a certified small business (SBE)<sup>9</sup> or disabled veteran owned business (DVBE) In support of these goals, UC has established the following Small Business First (SB First) policy, effective March 1, 2021:

1. **General Requirements:** When purchasing goods and/or services valued between \$10,000 and \$250,000 annually, UC must first seek to award these procurements to a certified SBE or DVBE.

If the goods and/or services are valued between \$10,000 and \$100,000 annually, then UC must obtain one (1) quote from either a certified SBE or DVBE. UC must obtain at least two (2) quotes from SBEs or DVBEs if the goods and/or services are valued between \$100,000 and \$250,000 annually.

Businesses must be certified by the [California Department of General Services Office of Small Business and DVBE Services](#) (OSDS)<sup>10</sup> or other accepted certifying agency as listed in the SB First section of the [Procurement Services website](#). The SB First section also outlines procedures for procuring goods and/or services through SB First.

2. **Small Business First Waiver:** There are instances where the procurement method described above may not be feasible, or when contracting with businesses other than a certified SBE, or DVBE is justified. Examples include, but are not limited to:
  - a. Industries where at least two (2) SBEs or two (2) DVBEs are not available,

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<sup>8</sup> Supply base diversity and inclusiveness refers to efforts to engage different categories of suppliers in sourcing processes and decisions.

<sup>9</sup> Any reference to certified Small Businesses includes certified Microbusinesses (MB).

<sup>10</sup> State of California's certifying agency that administers the small business, public works small business, and DVBE certification programs.

or

- b.** Business needs that dictate requirements that cannot be met by a SBE, or DVBE.

For situations such as these, the PEA must approve a SB First waiver prior to making a purchase or entering into an agreement with a supplier who is not certified as an SBE or DVBE. Individuals must consult their local Small Business Officer prior to requesting a waiver, releasing a solicitation, or requesting a quote to ensure that they have taken all reasonable actions to award the procurement to an SBE or DVBE.

Waivers must clearly document the steps taken and research completed to sufficiently justify exemption from SB First. Local procurement teams must ensure that waivers are stored in the relevant procurement file and maintained per UC retention policy. Waivers must also be available if the file is audited for compliance with SB First.

- 3. Program Exemptions:** The following purchase and/or agreement types are exempt from the Small Business First policy and do not require a waiver:

- Strategically sourced agreements
- Federally funded procurements,
- Research sub-awards,
- Local government awards,
- Agreements with higher education institutions,
- Revenue/reimbursement contracts,
- Medical and patient care agreements,
- Agreements needed to respond to an emergency, and
- Sole source agreements

SB First does not apply to circumstances where federal and grant requirements, court decisions, or courts orders dictate how funds can be expended.

- C. Governing Requirements:** All other University, State, and Federal requirements governing the purchase of goods and services apply to the Small Business First Program.

#### **Part 4: Personal Property/Special Acquisitions:**

- A. Policy:** If using external financial loans to the Regents for purchasing personal property, then UC must follow Capital Markets Finance guidelines. For any other agreements for personal property (procurement contracts, leases, or conditional sales contracts), the following apply:

- 1. Availability of Funds:** UC may only acquire personal property when there is an established fund source or The Regents' approval has been secured. When funds are available for only a limited time, such as State funds appropriated on an annual basis, procurement contracts must provide for cancellation and return of property if funding is no longer available. In no case may the general credit of The Regents be pledged as security.

- 2. Contract Period:** Procurement contracts for personal property must provide for a contract period that is equal to, or less than, the useful life indicated in UC Useful Life Schedule. The schedule is available from campus Equipment Management units.
  - 3. Capital Markets Finance:** Capital Markets Finance must approve the rate or interest factor in leases greater than \$50,000 before they are awarded. Capital Markets Finance is responsible for conducting the tax due diligence for all tax-exempt leases.
  - 4. Policy Compliance:** Procurement contracts for personal property must meet requirements for competition, and UC must follow established guidelines for any negotiations. The P/SCD, or designee, must determine that rates or prices in the agreement are reasonable in the particular circumstances.
  - 5. Systemwide Acquisitions:** UC must follow locally established procedures for systemwide personal property acquisitions. These local procedures will be determined by the UC location where the systemwide program is headquartered. If local procedures require Chancellor approval of these acquisitions, then the President must approve personal property acquisitions for the systemwide program.
- B. Reimbursement Declaration:** Whenever UC intends to make an expenditure of capital funds and repay the expenditure at a later date by entering into a lease-purchase or similar agreement, it must execute and file a Declaration of Official Intent of The Regents of the University of California to Reimburse Certain Expenditures from proceeds of Taxable or Tax-Exempt Indebtedness.
- If a UC Location anticipates that an expenditure of capital funds will later be converted to a lease or similar agreement, then that UC Location must follow the procedures outlined in the Delegation of Authority-Declaration of Intent to Reimburse Capital Expenditures from Proceeds of Indebtedness (DA 2055).
- C. Reports:** Locations must report to the Assistant Vice President, Financial Services and Controls, all personal property acquisitions funded by lease-purchase agreements or Conditional Sales Contracts for inclusion in UC's Financial Position Report.

## **Part 5: Employee-Supplier Relationships:**

- A. Policy:** Part 5 sets forth special limitations and requirements for procurement transactions that involve an employee-supplier relationship. [PPSM-82 \(Conflict of Interest\)](#), and other Human Resource policies, govern employer-employee relationships.
- B. Employee-supplier relationship:** An employee-supplier relationship includes any of the following:
  - An employee, acting alone, proposes for a consideration to lease or sell goods or to provide services to University of California departments; or
  - An employee who owns or controls more than 10% interest in any business which proposes for a consideration to lease or sell goods or to provide



- services to University of California departments; or
  - A former employee acting alone, proposes for a consideration to lease or sell goods or to provide services to University departments; or
  - The near relative of an employee, acting alone, proposes for a consideration to lease or sell goods or to provide services to University departments, when the employee has, in any connections with their University employment, any responsibility for or will be involved in any manner, in the department's decision to accomplish or approve the transactions; or
  - The near relative of an employee owns or controls more than a 10% interest in a business, which proposes for a consideration to lease or sell goods or to provide services to University departments, when the employee has, in any connection with their University employment, any responsibility for or will be involved in any manner in the department's decision to accomplish or approve the transactions
- C. Separation of Interests:** UC must keep separate an employee's University and private interests in order to safeguard UC and its employees from charges of favoritism.
- 1. Conflict of Interest:** [The California Political Reform Act](#) and [California Government Code Section 81000-81016](#) prohibit an employee from making or participating in the making of a decision if they have a personal financial interest. UC must comply with [University Conflict of Interest Code](#) as well as [PPSM-82 \(Conflict of Interest\)](#) when purchasing goods and services.
- 2. Restrictions on Purchases/Leases/Contracts:** The following rules apply when there is an employee-supplier relationship:
- a. Employee:** UC may not enter into a purchase or lease agreement with a UC employee who has an employee-supplier relationship. However, UC may enter into an agreement with an employee who has teaching or research responsibilities or with a student employee if the P/SCD (or designee) determines that the goods or services are not available from commercial sources or within UC.
  - b. Former Employee:** UC may not purchase, lease goods from, or contract for services with, any former employee (including those who had teaching or research responsibilities) if any of the following apply:
    - The former employee left UC less than two years ago, and the former employee, while at UC, participated in the decision-making process relevant to selecting the supplier. This includes engaging in negotiations, making procurement transactions, or planning for purchases.
    - The former employee left UC less than one year (12 months) ago, and the former employee had policy-making responsibilities for the same general subject area as the proposed agreement while at UC.
- UC may enter into a contract for services with a retiree immediately upon retirement if the retiree, while employed at UC, did not participate in the

decision-making process to select the contract for services. UC must abide by the restrictions noted above for former UC employees if the retiree proposes to sell or lease goods to UC.

- c. **Near Relative:** UC may purchase, lease goods from, or purchase services with the near relative of any employee provided that the P/SCD or designee determines that the goods or services are not available from UC's own facilities and that the employee does not, or has not, participated in the decision-making process for selecting the supplier. The employee also must not have a personal financial interest in the procurement transaction and must not own or control more than a 10% interest in the proposed supplier's business.

**3. Inspection and Verification of Supplier Status:** Whenever it becomes necessary to ensure an understanding of the facts presented, the PEA (or designee) must inspect the business premises and records of a prospective employee-supplier or a near-relative supplier.

**4. Exceptions:** Within constraints imposed by the Political Reform Act and Public Contract Code §§10515 et seq., each Executing Official or designee is delegated authority to approve exceptions to BUS-S43 under unusual or extenuating circumstances.

**D. Certification Requirement:**

**1. Circumstances Requiring Certification:** Any individual defined as having an employee-supplier relationship with UC must include a written and signed certification stating they comply with the above requirements as part of any quotation or proposal to UC.

**2. Contents:** The certification statement must:

- a. Indicate UC department(s) and position(s) of the UC employee. In addition, former employees must state the date they left UC employment.
- b. Disclose the employee's, former employee's, or employee's near-relative's financial interest in the proposal.
- c. Specify the UC employee's and/or near relative's relationship to or financial interest in any business entity involved in making the quotation or proposal.
- d. Indicate whether the employee has any responsibility for or will be involved in any manner in the departmental decision to accomplish or approve the transaction. In the case of a former employee, indicate whether the employee had any responsibility for or was involved in any manner in the departmental decision to accomplish or approve the transaction.
- e. Certify that no University time, material, equipment, or facilities have been or will be used in connection with any resulting procurement transaction.

**Part 6: Procurement Card Program:** Part Six applies to all UC locations except LBNL. LBNL has a separate procurement card policy.

**A. Definitions:**

**Cardholder:** An individual who has been delegated written authority to use a procurement card by the campus Procurement/Supply Chain Director.

**Card Program Authorized Signer:** Individual(s) designated by the Chancellor or the VP of ANR (or his/her designee) to authorize issuance of procurement cards and to implement card limits and controls.

**Card Program Reviewer / Approver:** An individual(s) at a supervisory level who is responsible for reviewing and/or approving purchases made by the Cardholder. Reviewers may not be in a subordinate relationship to the cardholder.

**Procurement Card:** A commercial credit card authorized by the University of California to designated employees to enable the timely purchase of goods or services. Procurement cards are issued with University credit and are routinely accepted by merchants over payment networks such as Visa or Mastercard. The card is a corporate (e.g., University) liability card, issued to an employee only for University purposes.

**Procurement Card Program Administrator:** An individual who is responsible for the day-to-day management and operation of the procurement card program at each Location.

- B. Policy:** UC must ensure that transactions under its procurement card program have adequate management controls to guard against fraud, waste, or abuse. UC must also take care to prevent unallowable costs under federal contracts and grants.

All other details for implementing procurement card services, such as establishing individual cards and determining expenditure limits, reporting requirements, and data transmissions, may be negotiated directly between the campus and the issuing bank, according to the needs of the UC Location.

**C. General Information:**

**1. Procurement Card Program:** A procurement card is a commercial credit card authorized by UC as a way for designated employees to make timely purchases of low-value goods or services. The procurement card is a corporate (e.g., UC) liability card, and UC employees may only use it for UC purposes. Its use is subject to strict cardholder purchasing controls that cannot be exceeded without authorization. Settlement is executed electronically on the settlement date to avoid processing costs.

UC's procurement card program is managed by each UC Locations' purchasing unit, in consultation with the Controller.

**2. Designation of an Administrator:** At each UC Location, the card program manager must designate an Administrator oversee the local procurement card program. The Administrator is responsible for monitoring compliance with

policies and procedures. The Administrator also is the liaison between the issuing bank and the Procurement Services Department at the Office of the President.

**D. Specific Transactional Responsibilities and Separation of Duties:**

- 1. Separation of Duties:** Individuals who are authorized to make procurement card purchases must not also have the responsibility to review those purchases and must not be the subordinate of any cardholder in order to ensure an independent verification process. In general this means department heads and management service officers may not be cardholders.
- 2. Administrative Review:** The procurement card program reviewer must periodically perform an administrative review of selected purchase documents to verify that the expenditures listed on the daily procurement card transaction report are supported by the required internal documentation.
- 3. Source Documentation:** Source documentation from the Supplier must provide enough detail to allow verification of all expenditures.
  - a. Purchases Made in Person:** To document purchases made in person, the cardholder must provide a credit card slip (customer copy) or other itemized list that can be used to confirm receipt of purchases. Packing slips, electronic confirmation of purchases, cash register tapes are examples of acceptable itemized lists.
  - b. Mail, Telephone, or Internet Orders:** To document mail, telephone, or internet orders, the department must obtain pricing/billing information on a document such as a packing slip or electronic order confirmation that contains an itemized list of purchases. The document must provide enough information to allow verification of the items purchased.
- 4. Internal Reviews:** As part of the review process, a department must perform the following internal reviews.
  - a. Department Review:** Department reviewers must perform an independent administrative review of all purchase transactions for cardholders that are assigned to them. If the department is too small to assign a reviewer, a reviewer from an outside department may be assigned. The reviews ensure the following:
    - The expenditure has proper authorization
    - The expenditure is fully described on one or more documents (no “miscellaneous supplies” for example)
    - There is proof the items purchased were received
    - The expenditure is appropriate to the funding source. Although administrative personnel are not expected to understand exactly what technical items are to be used for, they should be able to identify inappropriate furniture, etc.
  - b. Administrative Review of Documentation:** The reviewer must sign and date the administrative review. The signature may be digital or on paper.

The reviewer must also conduct the review within a defined period of time as per individual UC Location requirements.

**c. Program Review:** The local purchasing unit must conduct periodic reviews of the departmental purchases. Each campus must establish procedures to review compliance with the procurement card program that describe the types and frequency of reviews, sampling methodology, and data retention requirements. These procedures may include:

- Review of a statistical sample of cardholder records (source documentation) to determine compliance with local procurement card policies and procedures
- System edits, data mining, and/or visual inspection of transaction records to identify questionable transactions, sufficiency of purchase descriptions and transaction amounts, potentially unallowable costs, purchases of restricted items, split transactions, or potential fraud, waste, or abuse
- Audit of the administrative review procedures to ensure they are properly conducted
- Documentation of corrective action taken for any program violations uncovered during the review

**5. Improper Use of a Procurement Card:** Local procurement teams must develop written procedures for preventing, investigating, and reporting unauthorized use of procurement cards. The Controller or Office of Record must approve these procedures prior to implementation of the procurement card program. The procedures must include the BUS-43 requirements regarding unauthorized transactions.

To establish that a particular expenditure was improperly made, a department must complete the appropriate documentation, mark it File Copy Only – Credit Must Be Issued, and forward a copy to the local purchasing unit. The UC Location may approve a transmission method that does not involve sending a paper copy to the purchasing unit. The original documentation may be retained in the department or a central office as designated by the Controller or Office of Record.

**6. Sanctions:** Each UC Location must establish guidelines for appropriate sanctions to address any abuse or misuse of procurement cards by cardholders or reviewers. All sanctions must be carried out in a timely manner.

Sanctions must be imposed for any unallowable cost, fraud, waste, or abuse, or any other serious or chronic misuse of a procurement card by a cardholder or reviewer. Any suspected fraud, waste, or abuse must be immediately referred to the appropriate campus security and/or Internal Audit organization for appropriate action.

Improper use of a procurement card by an employee may be grounds for disciplinary action and must result in cancellation of the individual's card.

- 7. Retention of Documentation:** Records will be retained for as long as designated in the [UC Records Retention Schedule](#). All records pertaining to pending, foreseeable or ongoing litigation; an investigation, an ongoing audit, or a request for records, cannot be destroyed until these actions have been completed or resolved. These records will be maintained according to UC's Records Management Program and instructions from legal counsel.
- 8. Documentation Exceptions:** The procurement card program administrator will maintain documentation of all policy exceptions made including a brief description of why the exception was necessary. This documentation will be available to the Controller and the Office of Ethics, Compliance, and Audit Services upon request.

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## IV. COMPLIANCE / RESPONSIBILITIES

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### Part I: Purchase Transactions

### Part 2: Strategic Sourcing Initiative

### Part 3: Supplier Diversity and Federal Planning and Reporting

### Part 4: Employee-Supplier Relationships

### Part 5: Procurement Card Program

### Part 1: Responsibility and Authority for the Purchase of Goods and Service/ Purchase Transactions:

#### A. Responsibility:

- 1. Campus, ANR and LBNL:** Each Chancellor, the Vice President of Agriculture and Natural Resources, and the LBNL Director is responsible for purchasing and providing the goods and services required in a manner consistent with BUS-43 and with the following requirements:
  - a. Strategic Sourcing Initiative:** Maximize the economies of scale in purchasing quantities where needs can properly be met through use of systemwide and regional pool purchases, strategically sourced agreements, and price schedules.
  - b. Cost Effectiveness:** Institute programs to ensure lowest total cost consistent with need through standardization, value and cost analysis, simplifying low-cost purchases, etc.
  - c. Solicitation of Supplier and Service Provider Interest:** Stimulate interest in becoming a supplier to UC through participating in trade fairs and other business meetings, distributing brochures describing campus or LBNL needs and, as appropriate, utilizing newspaper and trade journal notices periodically to invite inquiries.
  - d. Purchase Transactions:** Ensure UC Location meets competition requirements, conducts negotiations according to established guidelines, and confirms price reasonableness in local procurements.

- e. **Procedures and Controls:** Develop and maintain written procedures and controls for implementing UC procurement policy.
  - f. **Equal Opportunity in Business:** Make every effort to ensure that all persons, regardless of race, religion, sex, color, ethnicity, national origin and other protected characteristics, have equal access to procurement opportunities at the UC Location.
  - g. **LBNL Compliance:** LBNL uses the procurement systems negotiated with and approved by the Department of Energy (DOE) under the management contracts between DOE and UC. The approved policies and procedures supporting this DOE-approved system are included in the LBNL Procurement Policy and Standard Practices Manual, which is published and maintained by the LBNL Management Office. The requirements in the LBNL manual take precedence over UC policies due to federal funding regulations.
2. **The Office of the President:** The role of the Office of the President in Procurement/Supply Chain Management is to recommend and develop policies, monitor compliance, provide effective coordination and counsel, administer the Strategic Sourcing Initiative, maintain the CALCODE (the coding system for equipment management), represent UC with external agencies, analyze proposed State and Federal regulations, formulate long-range planning, conduct special studies as needed, and staff task forces and cross-functional work groups. To this end, the Associate Vice President and UCOP Chief Procurement Officer is responsible in the following areas:
- a. **Strategic Sourcing:** Manage and Administer the Strategic Sourcing Initiative.
  - b. **Purchase Agreements and Related Documents:** Provide staff support for maintaining UC terms and conditions, price schedules, systemwide procurement templates and forms, and their related documents in consultation with UCL.
  - c. **Regents' Agenda Items:** Work in tandem with the Office of the CFO to prepare required Regents' agenda items and to secure approval of purchase agreements and related documents that exceed the authority of the President.
  - d. **Program Management:** Manage initiatives and programs that assist UC in becoming a premier institution known for its Procurement Excellence.
  - e. **Policy:** Develop and refine UC procurement policies, including the procedures in BUS-43, in collaboration with campus and LBNL colleagues.
  - f. **Limitations on Authority:** Compile and distribute to the UC Locations all current, relevant information available on limitations on authority to execute purchase contracts and related documents imposed by State or Federal law or other relevant provisions.

- g. Re-delegation of Purchasing Authority:** Grant re-delegation of purchasing authority to other than the P/SCD for the purchase of goods and services and, within their area of jurisdiction, to other than the Librarian, as it pertains to the purchases of books and periodicals.
- h. Liaison:** Maintain liaison with State and Federal agencies relating to Procurement/Supply Chain Management activities, analyze pending legislation and new regulations for potential impact on UC, disseminate relevant information, and consult with UC colleagues on other governmental matters of interest.
- i. Reporting to the State of California:** Collect and analyze data related to Small Business Utilization and complete the Annual Small Business Utilization Report which is submitted annually to the Governor's Office.
- j. Policy Compliance:** Monitor compliance with BUS-43 and other procurement policies in conjunction with the Office of Ethics, Compliance & Audit Services. Provide guidance in policy interpretation and recommend to responsible officials corrective action when indicated.

**B. Authority:**

- 1. Authority of the Regents:** The California Constitution vests in The Regents full powers of organization and governance of UC, subject only to certain limited legislative controls. One such control is California Public Contract Code Sections 10507, et seq. Thus, those authorized through the delegation process to commit UC may do so only when the requirements for competition, as set forth herein, have been met.
- 2. Authority of the President:** Bylaw 30 delegates to the President the authority to administer the day to day central and/or systemwide functions of UC, except those activities within the responsibility of the Principal Officers. This includes executing on behalf of UC all contracts and other documents necessary in the exercise of the President's duties:
  - a. Liability:** The President has broad authority to enter into contracts by which UC assumes liability for the conduct of persons other than UC officers, agents, employees, students, invitees, and guests. This includes agreements made in circumstances where the President, in consultation with the General Counsel, deems it necessary to provide express contractual indemnification for those individuals who, at UC's request, have agreed to serve as advisors on operational matters within their area of expertise.
  - b. Delegations to Chancellors, LBNL Director, and the VP of ANR:** The President has delegated authority to Chancellors per Bylaw 31, LBNL Director, and the VP of ANR to execute Purchase Agreements for goods and services, and the additional provisions of the Presidential Delegation of Authority DA 2100.

**Part 2: Responsibility and Authority for Strategic Sourcing Initiative:**



- A. The Associate Vice President and UCOP Chief Procurement Officer:** Has overall responsibility for the management of the Strategic Sourcing Initiative and the outcomes of this program. The Associate Vice President and Chief Procurement Officer develops long-range plans, determining which commodities UC will bid out and in what order. Collaboratively with the Procurement Leadership Council, the Associate Vice President and Chief Procurement Officer ensures the successful execution of this program and the implementation of the resulting systemwide agreements for goods and services. The Associate Vice President and Chief Procurement Officer has full authority, delegated by the Executive Vice President and Chief Financial Officer, for signatory rights for all Office of the President and systemwide agreements, including agreements for goods and services.
- B. The Strategic Sourcing Director:** Has overall responsibility for the successful execution of the Strategic Sourcing Initiative and the resulting systemwide agreements. Although the Director cannot sign these Agreements, the Director has the responsibility to review them thoroughly before having the Associate Vice President and Chief Procurement Officer sign them. The Responsible Procurement Authority has signature authority for departmental expenses, UC subawards, and may be requested to be the officer to sign other agreements in the Associate Vice President and Chief Procurement Officer's absence. The Director is responsible for all budgetary tasks and documents for the Procurement Services Department. The Director is also responsible for supervising the Commodity Managers, providing feedback and performance management, as well as hiring and disciplining staff as necessary. The Director provides input to the Procurement Services Staff regarding questions related to strategic sourcing agreements, price schedule agreements, commodity planning, and procurement related questions.

### **Part 3: Responsibility and Authority for Supplier Diversity and Federal Planning and Reporting:**

- A. Implementation of the Policy:** The P/SCDs at all UC Locations are responsible for the implementation of this Policy.
- 1. Revisions to the Policy:** The Executive Vice President-Chief Financial Officer owns this Policy and has the authority to interpret and implement changes to the Policy.
- 2. Campus Responsible Parties:**
- a. The Escalation Authority (or the comparable position):** The primary campus/medical center leader with delegated responsibility for the administration of policies related to small business and supplier diversity.
  - b. Location Reporting Requirements:** Each UC Location will also maintain and collect the data and provide it to the Office of the President, Procurement Services Office annually, or as necessary, to report to the Federal Government and the State of California.
- 3. The Procurement Services Office:** Procurement Services Office in UC's

Office of the President will work with the UC Locations' P/SCDs or their designees to give guidance for the implementation of the Policy and the collection of the Small Business and Supplier Diversity procurement data.

#### **Part 4: Responsibility and Authority for Employee-Supplier Relationships:**

**Approvals:** The P/SCD or designee is responsible for collecting the required certification for Employee-Supplier Relationships. When the work involves an intercampus or LBNL transaction, the P/SCD at the UC Location where the request originates is responsible for collecting the required certification. In addition, the P/SCD is responsible for collecting new certification prior to the extension/renewal of the terms of an employee-supplier contract. The P/SCD is responsible for notifying the submitting department of approvals or denials of requests involving employee-supplier relationships.

#### **Part 5: Responsibility and Authority for Procurement Card Program:**

##### **A. Campus Controller or Office of Record:**

- Approve campus guidelines for use of a Procurement Card as a payment mechanism;
- Approve procedures for preventing and investigating and reporting unauthorized use of Procurement Card;
- Approve requests to issue Procurement Cards to central purchasing unit employees;

##### **B. Procurement Card Manager:**

- Oversee the Procurement Card Program;
- Designated by the Chancellor, or the ANR VP, to authorize new cardholders to commit funds for UC in accordance with this policy's provisions regarding low-value purchases;
- Plan and provide for regularly scheduled audits, reviews, and/or oversight;
- Approve spending limits;
- Ensure that sanctions are imposed for the abuse or misuse of a Procurement Card by a cardholder or reviewer;
- Cooperate with investigations of suspected fraud, waste, or abuse;
- Ensure adherence with the requirements of the Procurement Card Program;
- Approve more than ten (10) cardholders per reviewer; and
- Approve exception to reviewer reporting relationship.

##### **C. Procurement Card Administrator:** The Administrator (or other individual approved by the Controller) must:

- Administer the Procurement Card Program consistent with this section of BUS-43;
- Interface with the Procurement Card Issuing Bank;
- Develop and conduct mandatory initial and refresher training for Procurement Card holders and reviewers;
- Process and approve requests for issuance of new Procurement Cards;

- Maintain an up-to-date listing of all authorized cardholders, their Delegations of Authority, and their respective reviewers;
- Monitor departmental reconciliation activity and unresolved disputes;
- Report discrepancies to the Procurement Unit Manager and recommend appropriate sanctions;
- Verify that proper incentive amounts are received under UC program with the Procurement Card Issuing Bank;
- Perform periodic reconciliation of bank statements and financial systems;
- Ensure the Procurement Cards are cancelled and surrendered by the cardholder upon termination of a cardholder's need or termination of employment; and
- Cooperate with investigations of suspected fraud, waste, or abuse.

**D. Reviewer:** The Reviewer must:

- Successfully complete mandatory initial and annual refresher training;
- Review on a timely basis, documentation related to all purchase and approve all cardholder transactions to confirm appropriateness and receipt of the goods and services ordered;
- Notify the Procurement Card Administrator or Procurement Unit Manager of any cardholder non-compliance.
- Cooperate with investigations of suspected fraud, waste, or abuse; and
- Take or recommend corrective action in cases where Procurement Cards have been used inappropriately, including disciplinary action.

**E. Cardholder:** The Cardholder must:

- Successfully complete mandatory new cardholder and annual refresher training;
- Sign a Cardholder Agreement form that includes cardholder requirements associated with proper use of the Procurement Card;
- Comply with campus policies, procedures, and program updates related to the use of Procurement Cards, including limitations on transaction limits, monthly and/or annual spending limits, and prohibited items;
- Cooperate with investigation of suspected fraud, waste, or abuse.
- Obtain proper documentation associated with Procurement Card transactions;
- Reconcile the statement of account on a timely basis; and
- Promptly process all Procurement Card transactions including prompt resolution of merchant and bank disputes.

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## **V. PROCEDURES**

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### **Part I: Purchase Transactions**

### **Part 2: Supplier Diversity and Federal Planning and Reporting**

#### **Part 1: Purchase Transactions**

**A. Unsatisfactory Performance:** Unsatisfactory, unusual, or significant supplier or

product performance deficiencies must be reported promptly to the Commodity Manager involved so that appropriate, timely action may be taken to correct the deficiency.

- B. Systemwide Price Schedules:** Systemwide commodity managers produce systemwide price schedules to take advantage of special discounts on proprietary products or when a commodity agreement is not practical. Systemwide commodity managers must indicate if a systemwide price schedule is not competitively bid by submitting an SSPR form to justify lack of competition. Each location determines when additional documentation is needed at the local level to use a systemwide price schedule.

## **Part 2: Supplier Diversity and Federal Planning and Reporting:**

- A. Campus Reporting/Management of Plans and Reporting for Federal Contracts of Subcontracts Exceeding \$700,000:** The University recognizes its obligation with regard to extramural contracts and grants by incorporating the requirements of all relevant statutes, Executive Orders, and regulations into its procurement activities.

- 1. Small Business Subcontracting Plan Requirements:** Federal solicitations, contracts and subcontracts to the University exceeding \$700,000 and expected to have subcontracting opportunities will usually require that the University prepare a Small Business Subcontracting Plan. The Campus Small Business Officer or Supplier Diversity Coordinator in collaboration with the originating department and the Contracts and Grant/Sponsored Projects Office are responsible for the development of the Small Business Subcontracting Plan.

The plan must include the total percentages and dollar amounts to be spent with both large and small businesses for materials and supplies, equipment over \$5,000, and travel. This plan is either requested at the time that an initial proposal is submitted, or it can be requested when the funding has been awarded. Once approved by the federal agency awarding the funding, the Subcontracting Plan goals become a contractual obligation which the Principal Investigator must make a good faith effort to achieve.

Principal Investigators and Contract Administrators must provide the following documentation to the designated Campus Small Business Officer or Supplier Diversity Coordinator when potential small business spend for materials and supplies, equipment over \$5,000, and/or travel exists:

- a. Agency proposal or award number,
- b. Title of proposal or award,
- c. The Statement of Work,
- d. High-level budget information,
- e. A worksheet detailing totals for materials and supplies, equipment over \$5,000, and travel be purchased from suppliers, and
- f. The Small Business Plan Worksheet describing materials and supplies,

equipment over \$5,000, and travel that can be purchased from small businesses, the dollar amounts for these items, and names of small businesses from which they can be purchased.

**2. Good Faith Effort - Locating Small Business Sources:** Each Principal Investigator (PI) of a federally funded contract containing a Small Business Subcontracting Plan approved by the awarding federal agency must encourage maximum participation by the types of small businesses in the plan for which they set specific percentages and dollar amounts. To do so, they must work with their support staff to:

- a. Reasonable Effort:** Make every reasonable effort to find additional small business entities which have the classification types set in the goals and which can meet the technical specifications required for the project. Such efforts include working with the designated Campus person assigned to Supplier Diversity, contacting the federal agency to get a list of approved small business suppliers, and by using the SBA Small Business Dynamic Search Database. Alternate data bases from third party suppliers that some Locations have access to may also be utilized as an alternative to the SBA Small Business Dynamic Search Database.
- b. Supplier Contacts:** Contact small, diverse, and disadvantaged, suppliers when soliciting prospective suppliers via Requests for Information, Quotation, or Proposal for the project.
- c. Required Documentation:** Document in writing in the project's records on an ongoing basis any failure to purchase from small suppliers as stated in the Small Business Subcontracting Plan. Report these reasons to the Supplier Diversity Program Coordinator in writing in advance of the April 1 and October 1 federal reporting dates.
- d. Other Assistance:** Notify the Small Business or Diversity Supplier Coordinator to assist in finding other appropriate small businesses. The Small Business or Diversity Supplier Coordinator must also include the reason for zero utilization, whenever a federal report is filed with the federal agency.

**3. Post Award Small Business Program Re-Representation:** If FAR Part 52.219 - Small Business Programs Provisions and Clauses is included in the contract and the conditions in the clause for re-representation are met, the designated employee must:

- a.** Require the contractor that represented itself as a small business concern prior to award of the contract re-represent its size status via its registration in the federal System for Award Management and using the corresponding North American Industry Classification System code, or via a separate certification containing this information; and
- b.** Permit a contractor that represented itself as other than a small business concern prior to award to re-represent its size status.

**4. Data Collection and Reporting Requirements:** Locations must monitor and

report the extent of small business participation in their federal funded contracts exceeding \$700,000, when a Small Business Subcontracting Plan has been approved by taking the following actions:

- a. Require each prospective small business to certify whether it is a small business with one or several of the government classification types or self-certify (for all others) on the Federal Central Contractor Registration.
- b. Accurately track the participation by small businesses (by classification type) in terms of the total value of Purchase Orders placed in that classification during each fiscal year.
- c. Report utilization to the appropriate federal agencies as required.

#### 5. Report Types and Reporting Periods:

- a. **Individual Subcontracting Report (ISR):** This report collects prime contractor and subcontractor subcontract award data for specific Federal Government agencies (see b. ii. and b. iii.). **This is the former SF-294 Report.**

Designated staff at each campus must file an *Individual Subcontracting Federal Report (ISR)* for each contract or sub-contract in the Electronic Subcontracting Reporting System (eSRS) to the appropriate federal agency in the following reporting periods:

- October 1<sup>st</sup> of the prior year through March 31<sup>th</sup> of the current year (six months)/due by April 30<sup>th</sup> and;
- October 1<sup>st</sup> of the prior year through September 30<sup>th</sup> of the current year (fiscal year)/ due October 31<sup>st</sup>;
- A final ISR is completed within 30 days of the expiration date of the contract or sub- contract.

- b. **Summary Subcontracting Report (SSR):** This report provides an annual summary of subcontracts awarded by prime and subcontractors for a specific Federal Government agency that required an Individual Subcontracting Plan for the previous fiscal year.

Designated staff must also file a Summary Subcontracting Report/SSR with each federal agency when the Campus:

- Holds one or more contracts or subcontracts over \$700,000 and,
- Is required to report subcontracts awarded to Small Business (SB), Small Disadvantaged Business (SDB), Women-Owned Small Business (WOSB), HUBZone Small Business (HUBZone SB), and Veteran-Owned Small Business (VOSB), Service-Disabled Veteran- Owned Small Business (SDVOSB), ANCs and Tribes concerns under a Subcontracting Plan with the Federal government, and
- Is required to report subcontract awards for Historically Black Colleges and Universities (HBCUs), Minority Institutions (MI), for the Department

of Defense (DOD), the National Aeronautics and Space Administration (NASA), and the Coast Guard, and

- Also has reporting periods for civilian agencies [non-Department of Defense (DOD) or NASA)], annual submission:
  - a) October 1<sup>st</sup> of the prior year through September 30<sup>th</sup> of the current year (fiscal year)/due October 31<sup>st</sup>.
  - b) For contracts with the Department of Defense and the National Aeronautics and Space Administration twice per year (same as for *ISR*'s above):
    - 1) October 1<sup>st</sup> of the prior year through March 31<sup>st</sup> of the current year (six months)/due by April 30<sup>th</sup>, and,
    - 2) October 1<sup>st</sup> of the prior year through September 30<sup>th</sup> of the current year (fiscal year)/ due October 31<sup>st</sup>.

**c. Small Disadvantaged Business Report: Disadvantaged Status and Reporting;** If a Small Disadvantaged Business (SDB) goal was included in the Small Business Subcontracting Plan, per FAR 52-219-25 Small Disadvantaged Business Participation the University must report on the participation of SDB concerns at contract completion or as provided in the terms and conditions of the contract.

**d. Failure to Make a Good Effort–Liquidated Damages: FAR 52.219-16** deals with Liquidated Damages and a “Failure to make a good effort to comply with the subcontracting plan” which means a willful or intentional failure to perform-or- willful or intentional action to frustrate the plan in accordance with the requirements of the subcontracting plan approved by a federal agency.

Federal agencies measure performance toward the Small Business Subcontracting goals by applying the percentage goals to the total actual subcontracting dollars or, if a commercial plan is involved, to the pro-rata share of actual subcontracting dollars attributable to government contracts covered by the commercial plan.

If the Small Business Subcontracting Plan goals have not been met by the contract completion or in the case of the commercial plan, at fiscal year close for which the plan is applicable, the Federal Contracting Officer will determine if the Contractor has failed to make a good faith effort to comply with the Subcontracting Plan. The Contracting Officer will give the Campus written notice specifying the failure and permitting the campus on behalf of the UC Regents, to demonstrate the Good Faith Effort that has been made and to discuss the situation with the federal agency. A failure to respond to the notice may be taken as an admission that a valid explanation does not exist.

If the Contracting Officer has considered all pertinent data and finds that the campus or the Regents did fail to make a good faith effort, the Officer

must issue a final decision to that effect and require the Campus on behalf of the Regents to pay the Federal Government liquidated damages for the difference between the proposed goals and the actual dollars spent.

- e. **Defense Federal Acquisition Regulations (DFARS):** In addition to the FAR regulations, the Defense Federal Acquisition Regulations (DFARS) develop and maintain acquisition rules and guidance to facilitate purchasing staff as they acquire the goods and services required for Department of Defense contracts. These regulations apply whenever the University has a DOD research contract exceeding \$650,000 and requires the use of small businesses.

**f. Campus Reporting to the Environmental Protection Agency Grant Awards with Fair Share Objectives-Title 40/Protection of the Environment, Chapter 1, Subchapter B, Part 35/Participation by Disadvantaged Business Enterprises:**

Federal Disadvantaged Business Enterprise (DBE) provisions affect procurement actions under EPA financial assistance agreements/grants.

The Environmental Protection Agency requires a Disadvantaged Business Enterprise Rule and Program provision in the Terms and Conditions of the grant agreement. The University departments holding these contracts and grants are required to make a good faith effort to achieve the requirements as stated.

The key functional components of the EPA Disadvantaged Business Enterprise Rule and Program are the following:

- DBE Overview Fact Sheet;
- Fair Share Objectives;
- Six Good Faith Efforts and Contract Administration Requirements;
- MBE/WBE Reporting; and
- MBE/WBE Certification.

- 6. Office of the President - Procurement Services Department Required Reporting-State of California Small Business Report:** The University of California complies with all reporting requirements issued by the State of California. During the month of September the Office of the President - Procurement Services Small Business Coordinator collects purchasing, design, and construction small business data from campuses, medical centers, Agriculture and Natural Resources, and the Laboratory. The Coordinator then prepares the annual Small Business Utilization report for the California Governor's Office.

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## **VI. RELATED INFORMATION**

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[California Public Contract Code Division 2 - General Provisions, Part 2, Contracting](#)



[by State Agencies, Chapter 2.1, University of California Competitive Bidding](#)  
[Article 2 - Materials, Goods, and Services \(§§10507.5-10510\)](#) [Article 4 - Conflict of Interest \(§§10515-10518\)](#)  
[Article 5, Remedies and Penalties \(10520-10526\)](#)  
[California Labor Code Part 8, Public Works and Public Agencies, Chapter 1, Public Works and Public Agencies](#)  
[Article 1: Scope and Operation \(§§ 1720\)](#)  
[Article 2: Wages \(§§ 1770, 1771, 1773, and 1776\)](#)  
[State of California Department of Industrial Relations](#)  
[Regents Bylaw 12, Composition and Powers](#)  
[Regents Bylaw 30, President of the University](#)  
[Regents Policy on Procurement of Foreign-Made Equipment, Materials, or Supplies Produced by Forced, Convict, or Indentured Labor](#)  
[Regents Policy 5402 \(Generally Prohibiting Contracting for Services\)](#)  
[AFSCME Collective Bargaining Agreement Article 5](#)  
[Policy on HIPAA Business Associates](#) [IS-3 Electronic Information Security](#)  
[University Guidelines on Contracting for Services and Formal Notice](#) [Policy to Ensure Equal Opportunity in University Business Contracting](#) [Policy Regarding Employee-Vendor Relationships](#)  
[The Contract and Grant Manual](#)  
[Administrative Guidelines on the Procurement of Foreign-Made Equipment, Materials, or Supplies. Produced by Forced, Convict, or Indentured Labor](#)  
[Record Retention Schedule](#)  
[Sustainable Practices Policy](#)  
[Sustainable Procurement Guidelines](#) [UC Facilities Manual](#)  
[UC Conflict of Interest Code](#)  
[BUS-2, Tax-Free Alcohol Permits, Records, and Operations](#)  
[BUS-29, Management and Control of University Equipment](#)  
[BUS-38, Disposition of Excess Property and Transfer of University-Owned Property](#)  
[BUS-50, Controlled Substances Program](#)  
[BUS-54, Operating Guidelines for University Supply Inventories](#)  
[BUS-56, Procurement/ Supply Chain Management: Purchases from Entities Violating State or Federal Water or Air Pollution Laws](#)  
[BUS-63, Insurance Requirements - Certificates of Insurance](#)  
[BUS-81, Insurance Programs](#)

[PPSM-21, Selection and Appointment](#)

[PPSM-82, Conflict of Interest](#)

### Additional Resources for Small and Diverse Businesses:

#### Diverse Business Classifications by Governmental Source

TERM	SOURCE
Small Business (SB)	<a href="#">State of California Department of General Services (DGS) Procurement Division, Small Business Eligibility Requirements.</a>

TERM	SOURCE
Disadvantaged Business Enterprise (DBE)	Proposition 209 modified the California Constitution to make contracting on the basis of race and gender unconstitutional. This proposition was upheld by the <a href="#">Ninth Circuit Court of Appeals case, Monterey Mechanical</a> that determined MBE/WBE contracting was unconstitutional. <a href="#">The effect on Public Contract Code Section 10115.15</a> was to leave the DVBE program intact. Therefore, such businesses are considered Disadvantaged Business Enterprises.
Disabled Veteran Business Enterprise (DVBE)	<a href="#">State of California Department of General Services (DGS) Procurement Division Disable Veteran Business Enterprise (DVBE) Certification Eligibility Requirements</a>

[Code of Federal Regulations \(CFR\)](#)

[Title 13 Code of Federal Regulations \(CFR\) – Small Business Administration](#)

[Federal Regulations \(FAR\)](#)

- i. [FAR Part 19 - Small Business Programs](#)
- ii. [FAR Part 52.219 - Small Business Programs Provisions and Clauses](#)

Small Business (SB)	<a href="#">U.S. Small Business Administration (SBA)</a>
Small Disadvantaged Business (SDB) 8(a)	<a href="#">U.S. Small Business Administration (SBA) 8(a) Business Development Program</a>
HUBZone	<a href="#">U.S. Small Business Administration (SBA) Office of the HUBZone Program</a>
Service-Disabled Veteran-Owned Small Business (SDVOSB)	<a href="#">U.S. Small Business Administration (SBA) Veteran-Owned Businesses</a>
Veteran Owned Small Business (VOSB)	<a href="#">U.S. Small Business Administration (SBA) Veteran-Owned Businesses</a>
Historically Black Colleges/Minority Institutions (HBCU/MI)	<a href="#">DFARS Notice of Historically Black College or University and Minority Institution Set-Aside (1994)</a>
Alaska Native Corporations (ANC)	<a href="#">U.S. Small Business Administration 8(a) Business Development (BD) Program for Alaskan Native Corporation-Owned Concerns</a>

[Environmental Protection Agency \(EPA\)](#)

Disadvantaged Business Enterprise (DBE)	<a href="#">Environmental Protection Agency (EPA) Disadvantages Business Enterprise (DBE) Program (Includes Minority Business Enterprise (MBE) and Women Business Enterprise(WBE))</a>
Fair Share Objectives	<a href="#">Environmental Protection Agency (EPA) Fair Share Objectives</a>
Good Faith Efforts	<a href="#">Environmental Protection Agency (EPA) Good Faith Efforts</a>

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## VII. FREQUENTLY ASKED QUESTIONS

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Not applicable.

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## VIII. REVISION HISTORY

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This Policy is also reformatted to meet Web Content Accessibility Guidelines (WCAG) 2.0

**June 11, 2021:** Small Business First was formally approved for incorporation into BUS-43. The effective date is March 1, 2021.

**December 14, 2020:** This policy was updated to add UC's new Small Business First Program requiring that all applicable purchases for UC campuses (excluding UC Health and Design & Construction) valued annually between \$10,000-\$250,000 be awarded to small businesses, wherever practicable. This revised policy was approved by the President as **Interim Policy** effective December 14, 2020 while it goes through the systemwide review.

**April 21, 2020:** This policy was revised to: 1) update the definitions of procurement contract, purchase order, and purchase agreement in Section II: Definitions and 2) add language on when to use a procurement contract or purchase order in Section III, Part 1: Purchase Transactions.

**December 20, 2019:** Technical revision, December 20, 2019: replaced the inaccurate information found in Section III, Part 6, D.6: Retention of Documentation with the approved standard policy language on Records Retention Schedule Information.

**April 12, 2019:** This Policy was updated on April 12, 2019 to: 1) update the terminology relating to Procurement/Supply Chain Manager to Procurement/Supply Chain Director; 2) update the definitions relating to formal competitive bidding from issued publicly by UC to issued publicly by Campus Procurement or qualified entity (e.g. GPO); 3) update the definitions relating to informal competitive quotation by removing submitted in accordance with solicitation from the Procurement/Supply Chain Manager, Commodity Manager or Buyer; 4) update the definitions relating to Small Business Officer to include biannual federal e-SRS reporting on Subcontract plans; 5) add a policy relating to negotiating with bidders; 6) update the exemption from the requirement to competitively bid goods and services section to include usage of the

source selection & price reasonableness form; 7) update the unauthorized purchases section to include reimbursement or payment of unauthorized purchases require policy exception authority and/or designee(s); 8) update low value purchases section by removing shall apply to granted additional purchasing authority; 9) update low value purchases section by adding definition of functional reporting; 10) update low value purchases section by adding the amount of additional authority; 11) update procurement card program section by adding or office of record; 12) ) update procurement card program section by adding the retention of documentation to seven years after award close out or end of project research; 13) changed the title of responsible procurement authority section to strategic sourcing director; 14) changed the campus controller section to campus controller or office of record; 15) added the \$250,000 small business purchase threshold in the supplier diversity and federal planning and reporting section and 16) generally update the Policy's language and make it consistent.

**November 17, 2017:** This Policy was updated on November 17 2017 to: 1) update the definitions relating to exceptions from the requirement to competitively goods and/or services contracts for more than \$100,000 annually; 2) encourage competition even when an exception applies, and require documentation of the decision to apply an exception; 3) require approval when the University's template documents are not used; 4) provide that Locations and their Public Records or Information Practices Coordinators should consult with the Office of General Counsel if they receive Public Records Act requests during the course of a procurement process or after an RFP is cancelled; 5) add a policy relating to debarring suppliers; 6) update the dollar threshold applicable to Prevailing Wage Services; 7) limit the circumstances under which "after the fact" Fair Wage/Fair Work exceptions may be approved; 8) provide that contract duration (including the initial term plus all amendments or renewals) may not exceed ten years unless an exception to policy is approved; 9) provide that price may not have less than a 25% weight when the Best Value evaluation method is used; 10) update provisions pertaining to leases; 11) increase the low-value purchase ceiling for individual purchases from \$5,000 per transaction, to \$10,000; 12) update language applicable to purchases that are federally funded; 13) generally update the Policy's language and make it consistent; and 14) eliminate most hyperlinks.

This Policy was remediated in accordance with Web Content Accessibility Guidelines (WCAG) 2.0.

**October 19, 2016:** Revision to update the Fair Wage/Fair Work policy that is applied to services performed at locations owned or leased by UC, including certain endowment or investment properties, annual audit requirement will not apply to Fair Wage/Fair Work services that are subject to State of California prevailing wage law, since these service providers are already highly regulated by the Department of Industrial Relations, effective October 19, 2016.

**October 1, 2015:** Revision to BUS-43 Procurement/ Supply Chain Management to address the Affordable Care Act, Prevailing Wage Legislation, and the Fair Wage/Fair Work Initiative, effective October 1, 2015.

**April 10, 2014:** Revision to BUS-43/Procurement/ Supply Chain Management to address some legal changes, to remove the attachments to this Policy which are all now residing on the home department's websites, and to update links, professional titles, and references, April 10, 2014.

**February 1, 2013:** Addition of policy and procedure related to the passage of SB 1280 (adding Public Contract Code 10507.8) and update some of the language in the Policy, February 1, 2013.

**July 1, 2012:** Revision to BUS-43/Procurement/ Supply Chain Management to put the Policy into the standard University of California template effective July 1, 2012.

**July 7, 2011:** Revision to BUS-43/Procurement/ Supply Chain Management

**June 12, 2011:** Revision to BUS-43/Procurement/ Supply Chain Management

**December 15, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**November 10, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**October 1, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**August 10, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**May 7, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**April 15, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**March 31, 2010:** Revision to BUS-43/Procurement/ Supply Chain Management

**December 10, 2008:** Revision to BUS-43/Procurement/ Supply Chain Management

**August 6, 2007:** Revision to BUS-43/Procurement/ Supply Chain Management **May**

**15, 2007:** Revision to BUS-43/Procurement/ Supply Chain Management **March 23,**

**2006:** Revision to BUS-43/Procurement/ Supply Chain Management **June 24, 2005:**

Revision to BUS-43/Procurement/ Supply Chain Management

**August 5, 2004:** Revision to BUS-43/Procurement/ Supply Chain Management

**February 5, 2004:** Revision to BUS-43/Procurement/ Supply Chain Management

**May 31, 2000:** Revision to BUS-43/Procurement/ Supply Chain Management

**August 1, 1999:** Revision to BUS-43/Procurement/ Supply Chain Management