

University of California, San Francisco

Procurement Training



Presenters

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Agenda

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University of California Terms and Conditions

- UC Terms and Conditions of Purchase must govern all purchases of goods and/or services
- Every BearBuy purchase order is covered by the UC Terms and Conditions of Purchase
- Finance Bulletin BUS-43 “Purchases of Goods and Services; Supply Chain Management” requires that UC Terms and Conditions and other UC templates be used when buying goods and/or services
- No changes, deletions, exceptions or additions may be made to these documents, outside of certain allowable exceptions dictated by UCOP, without exceptional approval from the Chief Procurement Officer
- If a supplier requests that their terms and conditions be used or requests changes to UC Terms and Conditions, push back hard:
 - Tell the supplier that UC Terms and Conditions are mandated
 - If the supplier continues to push back, please alert your SCM Buyer by:
 - If the PO has not been issued yet, click “Buyer Intervention” on your BearBuy Requisition; or
 - If the PO has been issued but the supplier asks that its terms and conditions be signed, email your SCM Buyer
 - SCM Buyer will negotiate with the supplier and coordinate any approvals (e.g., Risk Management, Legal, IT Security, Privacy, University Relations, OTM, etc.) as necessary to finalize the transaction

Contracts & Signature Authority

- The UC Regents' Standing Orders authorize the University President to execute on behalf of the University all contracts and other documents necessary in the exercise of the President's duties. The President has delegated authority to execute purchase agreements to Chancellors, who at UCSF have re-delegated such authority to the Chief Procurement Officer, who has re-delegated such authority to individuals within and outside UCSF's Supply Chain Management department.
- A contract can be a written or verbal agreement that commits University funds
 - These can sometimes take the form of, for example, a quote asking for UCSF signature, a supplier proposal asking for UCSF signature, or even a handshake agreement
- Only individuals with properly delegated authority may sign and execute agreements committing the University to a purchase of goods and/or services
 - Departmental staff, principal investigators/faculty do not have such a delegation
- SCM Buyers have authority to execute agreements and will:
 - Review and negotiate terms and conditions as well as pricing with supplier
 - Send supplier the final version to sign
 - Sign the contract and attach signed contract to purchase order
 - Approve requisitions above requesting department's delegation
 - Department may be asked to provide acknowledgment (e.g., of logistics, of restrictions) via email
- Per UC Business and Finance Bulletin BUS-43: An individual who has not been delegated purchasing authority who makes an unauthorized purchase of goods or services shall be responsible for payment of the charges incurred

Competitive Bidding

- It is the practice of the University of California to meet its need for goods and services at the lowest overall total cost or best value, while affording maximum opportunities to those who wish to become suppliers to the University
- As the dollar value of our purchase transactions increase, policy dictates a requirement to competitively bid and our processes becomes more formal on what needs to occur in procuring good and services
- In general, Policy requires that all Purchase Agreements involving an expenditure of more than \$100,000 annually, be competitively bid. The UC Office of the President also strongly encourages, when appropriate, that procurement transactions under \$100,000 be competitively bid
- Exceptions to bidding: there are some exceptions to bidding ,such as a legitimate Sole Source . Those exceptions are somewhat different depending on whether your purchase is Federally-funded or not
- Requirements on Federally-funded purchases if over \$3500 – Source Selection and Price Reasonableness

Statement of Work

- A detailed, precise, unambiguous Statement of Work, typically used for purchasing services, clarifies the department needs and expectations, avoiding ambiguity and future disputes
- Statements of Work are most often needed when purchasing services, or if there is a service component (e.g., installation, training, maintenance) when purchasing goods
- A statement of work should be included with a BearBuy requisition and is recommended to include the following:
 - **Project scope:** Describe the work being provided, including any work plan. Define required deliverables, if any, and their due dates. Set unambiguous schedule, milestones, performance standards and acceptance criteria, and due dates. Identify any project issues you have encountered or anticipate that may impact the work, such as intellectual property issues, insurance, deliverables, or PHI (Protected Health Information).
 - **Period of performance:** List the start and end date for the entire project.
 - **UCSF project manager:** Indicate the name of the designated UCSF employee who has authority over the work and who can serve as a technical contact for the vendor during the project, if needed.
 - **Physical location:** Describe or provide an address where the work will be performed.
 - **Supplies and equipment:** If supplies and equipment will be used, list them, including delineating those furnished by the University and to be furnished by the vendor or other sources.
 - **Payment rate:** State the dollar amount computed by job, milestone, month, day or hour. Any upfront payments should be avoided. It is also recommended that payments be tied to completion of milestones and/or delivery of deliverables when possible.
 - **Total not to exceed:** State the total dollar amount that the purchase order cannot exceed.
 - **Payment terms:** These should be mutually agreed-upon – i.e., do not just accept vendor's proposed terms without consideration. As stated above, any upfront payments should be avoided and it is recommended that payments be tied to completion of milestones and/or delivery of deliverables when possible. Identify any special terms of payment requested by the supplier.
- BearBuy Forms to use
 - After the Fact
 - Amount Based PO
 - Capital Equipment
 - Professional Services/Independent Consulting Form
 - Software
- [SCM guidance on Statements of Work](#)

Conflict of Interest

- When making purchases, departments should avoid doing business with suppliers if there is a conflict of interest
- University of California policy requires that an employee's University and private interests are kept separate
 - This separation protects the University of California and its employees from charges of favoritism when purchasing goods and services
- Policy prohibits an employee from participating in or making a decision about a purchase if there is a financial conflict of interest
- Conflict of interest may apply when you are considering making a purchase from a supplier who is a:
 - UC employee; or
 - UC employee who owns or controls more than 10% interest in the business; or
 - Former UC employee who has separated from the University within the past two years; or
 - Near relative of a UC employee when the employee has any involvement in the department's decision to do business and/or approve the transactions with the supplier; or
 - Near relative of a UC employee who owns or controls more than a 10% interest in the business and the employee has any involvement in the department's decision to do business and/or approve the transactions with the supplier.
- If you are considering doing business with a supplier where there is a possible conflict of interest, the supplier needs to complete the Conflict of Interest Form
 - Supply Chain Management will determine if the purchase can be made with the supplier
 - Attach the completed [Conflict of Interest](#) form to your BearBuy requisition

Fair Wage Fair Work

- On July 22, 2015, University of California President Janet Napolitano announced a new minimum wage plan for UC employees. Titled the “UC Fair Wage/Fair Work Plan”, (FWFW) the program guarantees that by October 2017 UC employees hired to work at least 20 hours a week be paid at least \$15 per hour
- Requires that contractors doing business with UC guarantee a \$15 minimum hourly wage for their workers, ensuring that any workers being paid through a UC contract are paid fairly
 - UC’s “Fair Wage/Fair Work” program requires its suppliers to pay no less than the following minimum wage to employees working on UC premises: • \$13 per hour as of Oct. 1, 2015 • \$14 per hour as of Oct. 1, 2016 • \$15 an hour as of Oct. 1, 2017
- Includes several measures to ensure contractors comply with the new minimum wage, as well as all federal, state, and UC workplace law and policies, including a telephone hotline for contract workers to report issues, and annual and periodic audits
- Fair Wage Fair Work applies when
 - Purchasing services
 - Service is provided on UC location
 - Purchase not funded by extramural agreement
 - Service that is not a public work and not paying more than FW/FW rate
- On the BearBuy Form, select FWFW in the question below if FWFW applies:

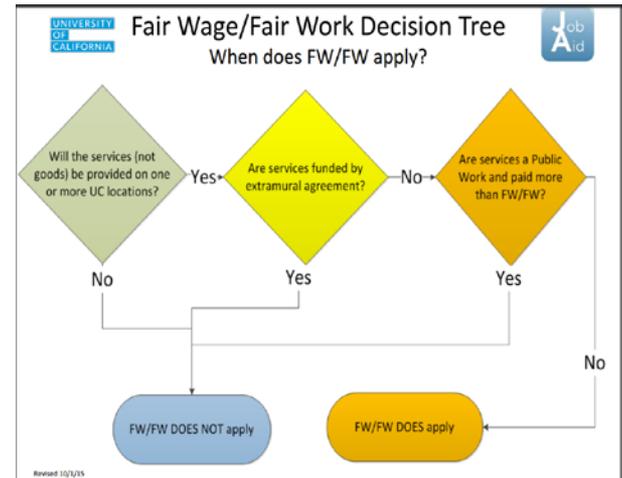
Will any part of the services be provided at a location owned or leased by UC?

**If yes to the above question, select FWFW.
Otherwise select NO.**

Does this service result from a current or prior

Please select... ▼
Please select...
FWFW

- This will route the purchase to Supply Chain Management for further processing
- Forms to use with the FWFW question:
 - After the Fact, Amount Based PO, Professional Services/Independent Consulting Form, and Software
 - Tip: Exclude catalog orders, equipment orders, and any other goods orders.



Facility Rental

- When engaging an offsite, non-University of California (UC) facility rental (i.e., multiple hotel guest rooms, a conference facility, restaurant) for an event there are certain steps that you will need to take to comply with UC policies. Guest rooms for individual UCSF travelers should be booked per UCSF Travel policies and procedures, not through BearBuy/Supply Chain Management (SCM).
- **Important:** Use BearBuy Facility Rental form **for all events requiring a signed contract**. Contracts do not include confirmations of logistics only (food, attendee count, price, etc.). To help with timely completion, submit a BearBuy requisition as soon as your department is presented a contract from the facility.
- Do not use this form for events where the facility does not require a contract. Use the "Meeting and Entertainment Payment Request Form" instead.
- **When engaging an offsite, non-UC facility rental (with a contract):**
 - Supply Chain Management must review, finalize and sign the contract. This will normally involve the addition of UCSF's Facility Rental Addendum, to address policy compliance issues rarely accommodated in the facility's contract. The Purchase Order (PO) will be issued to the facility and used for processing payment. A copy of the fully executed agreement will be attached to the PO.
 - **Note:** Though a facility may tell you that you have to sign the agreement by a certain date, please do not be pressured into doing so without first sending the agreement to SCM for review (preferably as a Word document) attached to the Facility Rental Form in a BearBuy requisition.
 - **Have details of your event ready** as you need to enter this information on the Facility Rental Form (i.e. event date, # guests, etc.).
 - **Payment:** In order to get the facility paid, these Accounts Payable instructions must be followed:
 - After the PO has been created, submit a [Supplemental Form](#) (Meeting and Entertainment/Exceptional Expense Approval Form) for any deposit or payment due. A completed Supplemental Form must be submitted with each facility rental payment or deposit. A copy of the contract is required for a deposit request and reference of the PO number. The completed Supplemental Form must be emailed to COAPmail@ucsf.edu.
 - Use must conform to BUS-79. University policy indicates that an individual event planner should not benefit personally from University event business. "Loyalty" points offered must be applied as a discount against the overall price of the event to the University (and that discounted price should be reflected on the BearBuy Facility Rental Form). **If the facility cannot apply the points in that fashion, then we must decline to use the points.**

Capital Equipment

- When purchasing equipment with a value of \$5,000 or more, there are things to take into consideration to ensure you are processing your order in compliance
- The department makes a determination that the purchase is capital equipment
 - Verify that the equipment has a normal life expectancy of more than one year, and is not expendable (equipment is not consumed by its use)
 - Verify that the capitalized cost will exceed \$5,000
 - The \$5,000 value includes the price of the equipment and other costs needed to put the equipment into service such as required installation services, startup components, accessories, startup kits (e.g. regents), freight, handling and sales tax.
- Establish the purchase requirements, e.g. installation, warranty, accessories, special training, start-up kit, etc.
- Determine if trade-in will be involved
 - If a trade-in is part of the purchase, the Department Asset Custodian must approve the release of the trade-in before the requisition is submitted
 - Establish the price for trade-in and arrangements for the supplier to receive or pick up the product
- In the BearBuy cart after completing the Capital Equipment form, specify the asset management codes including the Custody Code
 - Navigate to the Asset Management tab. Input the Custody Code and Asset Location
 - Input the Tag Number ONLY if the purchase is adding to the value of an existing piece of equipment
- Use the BearBuy Capital Equipment form to submit orders
- [BUS - 29 - Management and Control of University Equipment](#)
- [BUS-38, Disposition of Excess Property and Transfer of University-Owned Property](#)
- [Supply Chain Management Buying Capital Equipment Page](#)
- [UCSF's Controller's Office Capital Asset Management Guide](#)
- [A-51, Application of Proceeds from the Sale, Trade-in, or Transfer of University Property](#)
- [Partial Exemption Certificate for Manufacturing, Research, and Development Equipment](#)

Capital Equipment Purchase (Lease)

- Lease or Buy
- Option A: Buy – Attach 3 quotes in the requisition. Need delivery date.
- Option B: Lease – When departments want to spread out the payments into multiple equal payments normally 36-60 months. Lease payments apply. Supply Chain Management buyer will work with supplier's in-house financing, or will seek financing with a UCOP approved lessor. Note: the time it takes to do a Capital Lease can be lengthy as there are extra approvals (Including UCOP) and depending on the dollar amount it may be required to out to bid for best interest rates).
- Attach all necessary documents per instruction on the BearBuy Form. Custody code must be filled out (4-digit inventorial "Custody Cody"). Delivery Date – Engage early with your buyer since some leases may take a longer lead time as equipment may have to be made to specifications.
- Contact your SCM Buyer when you are planning to make a large equipment purchase.

CA Partial Sales Tax Exemption

- Effective July 1, 2014 through 2030, California Department of Tax and Fee Administration's Regulation 1525.4 – Manufacturing and Research & Development Equipment – allows “partial sales and use tax exemption” on certain manufacturing and research and development equipment purchases and leases
- January 1, 2017 through June 30, 2030. The partial exemption rate is 3.9375%, making partial sales and use tax rate equal to 4.5625% for San Francisco County and 5.3125% for South San Francisco, San Mateo County
- To be eligible under this law, UCSF must meet **all three** of these conditions:
 - Be engaged in certain types of business, also known as a “qualified person”
 - Purchase “qualified property” valued at \$5,000 and over
 - Use that “qualified property” for the “qualified activity” allowed by this law
- The R&D activities must either be in:
 - Biological sciences (NAICS code 541711), or
 - Physical science (NAICS code 541712)
- It is your Department’s responsibility to ensure the product being purchased qualifies for partial sales tax exemption. If it is later determined that the purchase does not qualify for the sales tax exemption, your department will be responsible for the additional tax assessment, fines, and interest.
- A [Partial Exemption Certificate for Manufacturing, Research and Development Equipment](#) (CDTFA-230-M) is required to be completed for every product. A signed form for every applicable product must be attached to your BearBuy cart. Have the Principal Investigator or department financial manager certify and sign the Partial Exemption Certificate.
- In BearBuy, navigate to the General section within the Requisition Summary tabs. Click the edit button next to the section containing the CA Partial Sales Tax name. Check the CA Partial Sales Tax checkbox and then click the Save button. Then complete the shopping process.
- All qualifying products must have a value of \$5,000 or more and ordered on the BearBuy Non-Catalog, Capital Equipment or Amount-based PO forms

Vehicle Purchase

- Vehicles purchases are University-owned, for business purposes only
- Option A: Buy a vehicle – Attach 3 dealership quotes in the Requisition
- Need Delivery date
- Option B: Lease a vehicle - When departments want to spread out the payments into multiple equal payments normally 36 – 60 months. When lease payments apply, Supply Chain Management buyer will work with supplier’s in-house financing, or will seek financing with a UCOP approved lessor.
- Need recipient or receiver of the vehicle when it is delivered, the name of a departmental person who is authorized to receive the vehicle on behalf of the University upon delivery
- Attach all necessary documents per instruction on the BearBuy Form Custody code must be filled out (4-digit inventorial “Custody Code”)
- Engage early with your buyer since vehicle purchase may take a longer lead time if the vehicle is specifically made to UC specifications. Dealership contract must be signed by Supply Chain Management (not by department)

Subrecipient vs. Contractor Determination

- The Uniform Guidance emphasizes the responsibility of the prime awardee in the identification of a subrecipient vs. a contractor in the Code of Federal Regulations §200.330 "Subrecipient and contractor determinations". For each award, on individual basis, UCSF must determine which type of agreement - subaward or procurement contract - is appropriate for the planned award expenditure and be able to show that determinations are made consistently from award to award.
- Criteria
 - The Principal Investigator (PI) is primarily responsible for making the determination
 - The Research Services Coordinator's (RSC), helping to develop the proposal should also be reviewing all third party involvement to determine if it is categorized appropriately as a Contractor (i.e., Consultant, Independent Contractor and service contracts) that should be handled as a procurement or a subrecipient that would be issued a collaborative research subaward through the Research Management Service (RMS) Subcontracts Team
- Subcontract
 - Transfers programmatic effort to a third party
 - Has a Principal Investigator
 - Provides for collaboration with UCSF on work related to the award
 - Includes flow down of award terms and conditions required by the prime agreement
 - UCSF must monitor the entity to ensure ongoing compliance with terms and conditions
- PO
 - Do not have a Principal Investigator (PI)
 - Do not have a collaborative element
 - Do not include flow-through requirements from the prime award
 - The entity supplies similar goods and services to many different purchasers
- UCSF's decision must be made at the time of proposal. The primary responsibility for this decision falls to the PI. However, research administrators should review all third party involvement to ensure the appropriate categorization as either a procurement or subaward.
- It is important to remember that both subawards and procurement contracts have a defined Scope of Work, a detailed budget and are formal agreements between the Regents of the University of California and a legal third party entity
- If the purchase is a contractor and not a subaward, use the BearBuy Professional Services/Independent Consulting Form to create your order

Software IT Security Risk Assessment

- According to the UC Electronic Information Security policy (BFB IS-3), all systems that create, store, process, or transmit data internally at UCSF or externally through a supplier or other third party must be assessed for risk. This applies to all UCSF data, including but not limited to PHI, PII, PCI, RHI, FERPA and other restricted or sensitive data. UCSF prioritizes the highest-risk systems for a full security risk assessment.
- If you are purchasing a software product or a cloud service that creates, stores, processes, or transmits UCSF data, a full security risk assessment may be required. To determine if a full assessment is required, you will need to consult with IT Security at datasecurity@ucsf.edu as part of the procurement process.
- Contact IT Security at datasecurity@ucsf.edu to determine if a risk assessment is required
 - After IT Security review, you will receive a Risk Assessment Intake Email Response that indicates if an assessment is required
- If no assessment is required, attach that email response to your BearBuy requisition
- If a full risk assessment is required, you will need to
 - Complete the assessment before you submit your requisition
 - Attach the Risk Assessment Completion Email to your requisition
- Submit your purchases using the BearBuy Software and Cloud Computing Form
- For more information on the full security risk assessment process, including how to request an assessment, what supporting documents are required, and what to expect during the process, please visit the Risk Sonar Security Risk Assessment page. Once you have a data flow diagram (and signed BAA, if required) and are ready to begin the assessment, please open a request below:
- [Risk Sonar Security Risk Assessment](#)
- [UCSF IT Security Cloud Computing Guidance](#)
- [University of California Appendix – Data Security and Privacy](#)

HIPAA

(Health Insurance Portability and Accountability Act)

- It is expected that all UCSF staff, faculty, students, and trainees:
 - Understand that it is their legal and ethical responsibility to preserve and protect the privacy, confidentiality, and security of all confidential information, both patient and non-patient related, in accordance with these federal and state laws; and University policies and procedures
 - Are expected to access, use, and disclose confidential information only in the performance of their University duties or when required or permitted by law. Additionally, all staff, faculty, students, and trainees must disclose information only to persons who have the right to receive that information.
- UCSF is required to secure all access to stored and transmitted Protected Health Information (PHI)
- With few exceptions, if a supplier uses, has access to, receives, or otherwise is disclosed UC PHI, then that supplier must enter into a Business Associate Agreement (BAA) with UC
- If your transaction involves a supplier using, accessing, receiving, or otherwise being disclosed UC PHI, you must choose “HIPAA” in the dropdown menu on the BearBuy form you are using. Then the requisition will route to a central Buyer and SCM will set up a BAA with your supplier.

Resources & Support

- **Supply Chain Management website**
<https://supplychain.ucsf.edu/>
 - How To Buy – Guide on major categories of purchases
- **Additional Questions**
 - **Email Supply Chain Management at**
bearbuy@ucsf.edu