Procurement Policy

Policy Statement

Harvard University requires that faculty, staff, researchers, students, or other individuals who plan for or purchase products, equipment, supplies, and services with University funds, base purchases on sound business practice, best value, accountability, and compliance with donor, sponsor and regulatory requirements. Individuals planning for or making purchases must follow this and other established Harvard University policies and procedures.

Harvard University personnel must purchase goods and services using practices that are compliant with applicable laws, regulations and obligations and that are aligned with Harvard’s policies and objectives. The Federal Uniform Guidance mandates that purchases made with federal funds follow specific procedures and the University requires all purchases made with federal funds to follow these procedures. In addition, all purchases must comply with all terms and conditions of the funding source. Finally, the University strongly encourages best practices for purchases made with non-federal funds.

Whenever possible, all individuals purchasing on behalf of Harvard University should purchase goods and services from Harvard Preferred Vendors to reduce administrative burden and maximize the University’s buying power.

If direction differs between this policy and external regulations, sponsor or donor terms, or other internal policy or procedures, the more restrictive instruction will apply.

Reason for Policy

This policy is intended to ensure that Harvard University resources are used properly in purchasing activities. Consistent adherence to the policy provides the reliability and assurance that purchasing activities meet regulatory requirements and sound business practice for acquisitions, contracts and third-party arrangements.

The University expects individuals to make sound and ethical purchasing and contracting decisions that will ensure the continued and efficient operation of the University.

Who Must Comply

All Harvard University personnel at all schools, tubs, local units, Affiliate Institutions, Allied Institutions and University-wide initiatives must comply with this policy, as well as any non-employees making purchases on behalf of the University. This includes purchases made with a Purchasing Card (PCard), Corporate Card, purchase orders and payment requests generated using the Harvard Crimson Online Marketplace (HCOM), petty cash or electronic commerce, other systems used by Harvard (e.g., Aleph, Sutherland Global, PRESTO, etc.) as well as legitimate purchases of goods and services purchased with personal funds and later reimbursed.

Processes

I. For all Purchases, Regardless of Funding Source

   A. Adhere to Responsibilities of Purchasers and Conflict of Interest Standards. All purchasing activities conducted on behalf of Harvard University, whether performed by Strategic Procurement or other University employees and non-employees, and whether made with federal or non-federal funds, must follow the standards outlined in Appendix A. These standards are intended as a supplement to Harvard’s existing conflict of interest policies (see Related Resources).

      In addition, individuals who make purchases with University funds, or who prepare or approve transactions using Concur, Corporate Card, HCOM, or PCard as well as any transactions that feed into the
Oracle e-business suite from other systems (e.g., Aleph, Presto, Sutherland Global, etc.) must follow the Responsibilities of Purchasers, Preparers and Approvers Policy (ROPPA). New users to the HCOM and PCard systems as well as approvers in the Concur system must complete an on-line training prior to using the system(s). Other systems which have an approver component may require ROPPA Training. Contact your local Finance Office for guidance. Faculty ROPPA training requirements are at each School’s discretion.

B. Follow required procedures for Special Purchases governed by other policies. Certain purchases carry additional restrictions per Harvard policy. Please refer to University and local tub policies and procedures for the following purchases:

1. Air Emission Source Compliance (prior to buying equipment)
2. Alcohol and Tobacco (purchases of alcohol and tobacco may be subject to taxes)
3. Animals – Live
4. Chemicals Facility Anti-Terrorism Standards Chemicals of Interest
5. Controlled Substances
6. Employee and Nonemployee Gifts and Celebratory Events
7. Firearms – Prohibited by Massachusetts General Law. Contact Harvard University Police Department for additional guidance.
8. Human Subjects – Use of and Processing Payments
9. Independent Contractor Policy
10. Radioactive Materials
11. Select Agents
12. University Purchasing Card Policy
13. University Staff Mobile Phone Policy
14. University Travel Policy

C. Use Harvard Preferred Vendors whenever possible. Harvard Preferred Vendors have been selected through a formal sourcing process resulting in a contract and/or pricing agreement with negotiated pricing, terms and conditions favorable to Harvard. Using Preferred Vendors meets the Uniform Guidance requirements for small purchases (purchases between $10,000-$250,000). Strategic Procurement is the only office which may classify a vendor as a Preferred Vendor. If a school or unit has negotiated an agreement with a vendor/contractor and they meet certain requirements, they may qualify as a Preferred Vendor. Contact Strategic Procurement or review the Procure-to-Pay Manual regarding the classification process for Preferred Vendors.

<table>
<thead>
<tr>
<th>Purchase Type</th>
<th>List May Be Found at:</th>
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</thead>
<tbody>
<tr>
<td>Travel</td>
<td>All vendors on Harvard’s Travel and Reimbursements site are Preferred Vendors</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>A complete list of Preferred Vendors may be found at Strategic Procurement</td>
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<td></td>
<td><strong>Note:</strong> Harvard may access additional competitively bid contracts conducted by different group purchasing organizations (GPO) and consortia – some examples are E &amp; I Cooperative Services, Mass Higher Education Consortium (MHEC) and U.S. Communities. Contact Strategic Procurement for more information.</td>
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**Note:** If retaining an individual (incorporated or not) for services, be sure the individual is properly classified as either an employee or an independent contractor before the work is started. See the Independent Contractor Policy.

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1 Harvard’s procurement thresholds are based on the National Defense Authorization Act of 2017 (NDAA-17) as well as OMB Memorandum 18-18 published June 20, 2018.
D. **Apply tax exemptions where applicable.** Harvard is a Massachusetts tax-exempt corporation and qualifies for tax exemptions in some states on purchases of goods or services (Cert. # E042103580 - Form ST-2). In Massachusetts, Harvard is exempt from sales and meals tax, but not exempt from room tax. This applies to all purchases; both made via the PCard, Corporate Card, through direct billing or reimbursements to individual for out-of-pocket expenses.

In order to obtain an exemption, the purchaser may need to provide required state forms to the vendor. See the Tax Exemption Write-Up for additional guidance.

**Note:** When using federal funds, cost-share funds, or expenses being transferred onto federal funds, if a purchaser fails to use Harvard’s tax exempt status where allowed, the taxes may not be charged to a federal award. The taxes must be charged to non-federal funds using object code 8450. If Harvard is required to pay the taxes (i.e., room tax or other states where Harvard does not have tax exempt status), then the tax may be charged to the federal award using the appropriate expense object code. See the Sponsored Expenditures Guidelines.

**Note:** Resale of items may require payments of Unrelated Business Income Tax (UBIT) or sales tax: Contact your local Finance Office for additional guidance.

II. **For Purchases with Federal Funds**

A. **Follow required practices for purchases with federal funds** (fund ranges 100000-199999), cost-share commitments or expenses journaled onto federal funds. Harvard University receives significant funding from federal sources and you **must** comply with the federal regulations for purchases with Federal funds, cost-share commitments as well as expenses journaled onto federal funds. See Appendix B for a summary table of purchase requirements. These purchases are reviewed by the Office for Sponsored Programs (OSP) for compliance with the Federal Regulations (i.e., Debarment) and are subject to internal and external audit. Departments are required to retain back-up documentation, such as bids, quotes, and cost/price analyses, on file for federal auditors. See Section II.G for retention schedules.

B. **Complete a Vendor Justification Form (VJF):** Purchases over $10,000 using federal funds, cost-share funds or expenses journaled onto federal funds require documentation to support the selection of a vendor. Schools must complete the HCOM electronic VJF for federal purchases over $10,000. Purchases with cost-share funds or expenses journaled onto federal funds must meet the VJF criteria; however, the HCOM Electronic VJF is activated only when federal funds are used. Approvers should review the documentation for completeness prior to approving requisitions or payments in HCOM.

The information requested on a VJF (see Appendix C) meets the supporting documentation requirements around justification for the selection of a vendor.

At the discretion of the school or unit, a paper VJF may also be used as a tool to help guide the purchaser regarding the vendor review and selection requirements and processes. In all cases, supporting documentation such as copies of bids or quotes and cost or price analysis must be kept on file (see Section II.G). See Appendix B for a summary of purchase requirements.

**Note:** A subcontract formally negotiated through and signed by the Office for Sponsored Programs – University Area or the Office of Research Administration or Sponsored Program Administration in the Longwood Medical Area – does not require a VJF since the contract’s scope of work and terms should adequately reflect vendor selection justification and contain Debarment Language. In cases of formal OSP subcontracts, the HCOM preparer would select “sole source” for justification and note in the justification explanation that it is a formally-negotiated and signed OSP subcontract.
C. Obtain debarment documentation where required: Purchases of any amount from debarred vendors cannot be charged to federal funds, cost-share funds, or expenses to be journaled onto federal funds. It is a best practice not to use a debarred vendor for any purchases.

1. Purchases < $25,000: A written debarment certification from vendors is not required. However, if the school or unit does not check vendor debarment status for federal purchases under $25,000 prior to purchase, they will be solely responsible for the timely removal from federal awards of any charges from vendors identified as debarred during Harvard’s annual debarment review process. Schools may check the status of a vendor using the System for Award Management (SAM), keeping the documentation on file.

2. Purchases => $25,000: Before Harvard makes a purchase commitment, the purchaser must obtain a signed Debarment Certification Form or make sure debarment attestation language is included in a contract. The Debarment Form must be uploaded into HCOM. HCOM Approvers should review the debarment form prior to approving requisitions or payments. See the Procure-to-Pay Manual or Strategic Procurement for Debarment language to use with contracts.

D. Get formal bids for purchases >$250,000: A formal bid process with written quotes is required for federal purchases greater than $250,000. Quotes must follow competitive proposal guidelines (or sealed bids if construction). A competitive bid proposal requires a formal Request for Quote (RFQ) or Request for Proposal (RFP) be publicly advertised. See Procure-to-Pay Manual or contact Strategic Procurement for additional details and guidance.

E. Consider small and disadvantaged businesses: For each contract of $700,000 and over, a Subcontracting Plan for Small and Small Disadvantaged Businesses is required, unless other arrangements are made during contract award. Coordinate with your OSP post award contact and Strategic Procurement and see the Procure-to-Pay Manual for additional guidance.

Resources for minority and women owned businesses and small business enterprises may be found at the Supplier Diversity Program website.

F. Avoid wasteful or duplicative purchases: The Uniform Guidance require Harvard to consider ways to prevent the purchase of unnecessary or duplicative items. In addition, when possible, purchasers should compare the costs of leasing versus buying, and assess the feasibility of consolidating, breaking out purchases or sharing a product or service to reduce overall costs. See Procure-to-Pay Manual for additional guidance.

Schools and units should take advantage of local resources and other Harvard resources, including Biolabs Stockroom, Harvard Events Management, FAS Research Computing, Center for Nanoscale Systems, Small Molecule Mass Spectrometry, Electron Microscopy – Longwood Area, Harvard Libraries Reproductions, HUIT Vendor Management Office, NE Biolabs, Inc., etc., school-specific event sites, and use of other Harvard labs and shops which may allow access to their equipment.

Some schools may use Harvie Classified Lab Equipment to post and search for University-wide equipment.

G. Retain records as appropriate for federally-sponsored funds.

For purchases with federally-sponsored funds, Harvard must maintain records sufficient to detail the history of procurement; all departments are responsible for managing their own procurement records. Departments are responsible for reviewing the content of their purchase orders, correctly communicating the orders to the vendors and maintaining systems that comply with federal procurement regulations where applicable. Typically, federal sponsored records must be kept for seven years after the final financial close on the award; some sponsors may require longer retention periods. Electronic records are acceptable. Departments must retain the following records:

1. Rationale for the method of procurement (informal quotes, formal written quotes, sole source, etc.)
2. Vendor selection or rejection process – including the completed VJF
3. Basis for contract price (cost/price analysis)

Departments may upload the back-up documentation and bid details in HCOM for storage, but must be able to retrieve the documentation in the event of an audit. HCOM uploads have a 1MB file size limit, with an unlimited number of attachments allowed.

III. All Funds Other Than Federal

A. Follow fund terms and best practices for purchases with any non-federal funds (all funds other than 100000-199999). Typically, only purchases made with federal funds must comply with the terms of the Uniform Guidance. However, note that any purchases transferred to a federal award or expenses on cost-share accounts must comply with the Uniform Guidance and the terms of the award, even if the purchase was originally made with non-federal funds. Likewise, purchases transferred to other funds must comply with sponsor or donor terms if applicable, even if the purchase was originally made with unrestricted funds. See Appendix B regarding a summary table of best practices when using non-federal funds. Schools and units may have more formal or restrictive contract review thresholds. Contact your local Procurement or Finance Office for additional information.

Harvard Preferred Vendors should be used whenever possible. If a school or unit has negotiated an agreement with a vendor/contractor and they meet certain requirements, they may qualify as a Preferred Vendor. Contact Strategic Procurement or review the Procure-to-Pay Manual regarding the classification process required for Strategic Procurement to classify a Preferred Vendor.

It is a best practice not to use a debarred vendor for all non-federal fund purchases.

1. Goods or services ≤ $10,000: for purchases with a total value of $10,000 or less, University personnel may use their discretion to select a responsible supplier to purchase goods or services, as long as the good or service is not on the list of Special Purchases, see Section I.B. In cases of special purchases, more restrictive or controlled processes apply.
2. Goods or services > $10,000 to $250,000: for purchases greater than $10,000 to $250,000, if a Harvard Preferred Vendor is not available (or a purchaser believes there is an opportunity to acquire the good or service for a lower cost, taking the total cost of ownership into consideration), it is recommended that the purchasers obtain at least two quotes (three or more is best practice) from qualified suppliers. See Appendix B regarding a summary table of best practices when using non-federal funds and the Procure-to-Pay Manual and FAQ for additional guidance and examples.
3. Goods or services > $250,000: for purchases greater than $250,000, a best practice is to conduct a formal bid process from at least two vendors (three or more is a best practice). Contact your Tub Procurement Office (if applicable) or Strategic Procurement Office or review the Procure-to-Pay Manual for additional information on conducting a formal bid process.

B. Wasteful or Duplicative Purchases: A best practice is to consider ways to prevent the purchase of unnecessary or duplicative items. See Section II.F for additional guidance.

C. Retain records as appropriate for all other funds.
For purchases with non-federal funds, follow any fund terms and conditions. If their terms and conditions do not specify retention requirements, departments are encouraged to follow the same records retention procedures as for purchases with federally-sponsored funds. See Harvard’s Record Retention Schedule for additional details.
Departments may upload the back-up documentation and bid details in HCOM for storage, but must be able to retrieve the documentation in the event of an audit. HCOM uploads have a 1MB file size limit, with an unlimited number of attachments allowed.

IV. Follow Other Best Purchasing Practices

A. Contracts: generally, a contract is required if a binding agreement is intended between Harvard and any outside party where either Harvard or the other party will be responsible for specific deliverables or services. Harvard may have an existing master services agreement (MSA) with a vendor. If you believe others at Harvard may be using the vendor you are selecting, please contact Strategic Procurement. The terms and conditions in an MSA may take precedence over tub or department level contracts. If a school or unit has negotiated an agreement with a vendor/contractor and they meet certain requirements, they may qualify as a Preferred Vendor. Contact Strategic Procurement or see the Procure-to-Pay Manual regarding the process to classify Preferred Vendors.

1. Procurement contracts or other binding documents (defined as an agreement, quote, contract, or statement of work) of $250,000 or more should be reviewed by your local Finance or Procurement office PRIOR to signing the binding agreement, issuing a purchase order or receipt of the good or service being signed. School or units may want to consult with Harvard Strategic Procurement or the General Counsel’s Office for high-risk or complex contracts.

2. Time and materials contracts (where service providers bill for actual staff time and materials) should only be used after a determination that no other contract is suitable and if the contract includes a ceiling price that the vendor/contractor exceeds at his own risk.

3. Schools and units may have specific policies about contract review thresholds, but should satisfy the minimum thresholds stated above.

Note: If retaining an individual (incorporated or not) for services, be sure the individual is properly classified as either an employee or an independent contractor before the work is started. See the Independent Contractor Policy.

B. Approval Authority and Delegation

1. Harvard strongly recommends that an Approver should not approve transactions for his or her direct supervisor. The hierarchy should be part of an approval process that reasonably ensures separation of duties, the protection of University assets and a thorough and disinterested review. While HCOM allows self-approval up to $2,499.99 on non-federal purchases, Harvard does not recommend self-approval as a routine practice. Schools and units who do use self-approvals may want to create internal monitoring processes for self-approvals, such as regular review of reports available in financial systems (HCOM, PCard, etc.). OSP may also review self-approval audit reports regarding federal funds.

2. Approvers have the ability to systemically delegate their approval authority to an appropriate resource in their absence (Vacation Rule) or to share the workload (Shared Worklist in HCOM). The initial approver is accountable for delegating approval authority to the appropriate individual. The initial approver is also responsible for the decisions made by their delegate. The initial approver must remove the delegation rule from the system when it is no longer needed.

C. Vendor Diversity Initiative: Harvard purchasers are encouraged to create a climate of inclusion and support of diverse and disadvantaged businesses. This category includes: disadvantaged business, minority owned business, women owned, HUBZone, small business, veteran-owned and service-disabled veteran-owned businesses. Whenever possible, purchasers are encouraged to:

1. Identify and place qualified diverse and disadvantaged businesses on solicitation lists;
2. Assure that such businesses are solicited when they are potential sources;
3. Divide total requirement, when economically feasible, into smaller tasks or quantities to permit maximum participation by such businesses;
4. Establish delivery schedules, where requirements permit, which encourage such business to respond;
5. Use service and assistance from such organizations as SBA, Minority Business Development Agency of the Department of Commerce; and
6. Require prime vendors/contractors to take the same affirmative steps.

Resources for minority and women owned businesses and small business enterprises may be found at the Supplier Diversity Programs website.

D. Environmentally Preferred Products Initiative: All procurement activities are encouraged to conform to the University Sustainable Purchasing Guidelines. Purchasers are encouraged to reduce the environmental impact of purchasing decisions and ensure they are aligned with University-wide sustainability goals, including the Greenhouse Gas Reduction Goal, by buying goods and services from manufacturers and suppliers committed to protecting the environment.

Responsibilities and Contacts

Financial deans or equivalent tub financial officers are responsible for ensuring that local units abide by this guidance and the accompanying procedures. Finally, school and tub finance offices should ensure processes that satisfy the Procure to Pay Process internal controls.

School/tub finance offices, with assistance when needed from Strategic Procurement and the Office for Sponsored Programs, are responsible for following the guidance. Tubs with dedicated Procurement Offices are responsible for outreach and applying the guidance with local unit procurement activity. Finally, school and tub finance offices should ensure processes that satisfy the Procure to Pay Process internal controls.

Strategic Procurement, is responsible for advising units on questions about this policy. Contact procurement@harvard.edu.

Office for Sponsored Programs (OSP) is responsible for advising units on rules and requirements on federal and non-federal sponsored awards.

Financial Policy Office (FPO) is responsible for maintaining this policy. Contact: (617) 374-7487 or financialpolicy@harvard.edu.

Purchasers are expected to follow this policy and must follow the Responsibilities of Purchasers, Preparers and Approvers (ROPPA) Policy and Conflict of Interest Standards. Compare with responsibilities of “Approvers” listed below.

Approvers are responsible for ensuring that purchases they approve are compliant with this policy, any related policies, and sponsor or gift terms and conditions (if relevant). Approvers must follow the Responsibilities of Purchasers, Preparers, and Approvers (ROPPA) Policy and Conflict of Interest Standards. Compare with responsibilities of “Purchasers” listed above.

Tax Reporting is responsible for collecting information and filing tax returns for any income determined to be unrelated to the University’s exempt purpose; Tax Reporting is also responsible for reporting and remitting sales and meals tax. Tax Reporting will work with departments and the Office of the General Counsel to determine whether the external sales generate any income or sales tax obligations.
Definitions

**Approvers:** Are responsible for the review of transactions submitted to them, making informed judgments about the reasonableness of those transactions, evidencing their authorization of those transactions (either on paper or online) and approval (or rejection) in a timely manner. Note that the approver of a transaction may or may not be the person who clicks the “approve” button in Harvard’s financial system; some tubs or units may have approvers who review and sign off on transactions on paper.

**Bid:** A request to suppliers to make submissions to a purchasing organization. One of the critical documents in the solicitation is the specification or statement of work. It may be called a request for proposal (RFP), request for response (RFR), a request for quotation (RFQ), or a request for information (RFI).

**Competitive Proposal:** Used for purchases over $250,000 made with Federal funds. Requires advertising, includes a written method for conducting the technical evaluation, responses must be solicited from two or more sources, the award is fixed-price or cost-reimbursement contracts. The contract should be awarded to the responsible firm whose proposal is most advantageous to the program, with price being one of the various factors. See Procure-to-Pay Manual for additional guidance.

**Consortia:** An entity that is created to leverage the purchasing power of a group of businesses or organizations (including universities) to obtain discounts from vendors based on the collective buying power of its members.

**Contract:** An agreement having a lawful object entered into voluntarily by two or more parties, each of whom intends to create one or more legal obligations between them.

**Contractor:** A supplier providing goods or services to Harvard. For purposes of this policy, the term “contractor” is used interchangeably with the term “vendor.”

**Corporate Card:** A joint-liability credit card issued by the University to employees for payment of business-related travel and entertainment expenses.

**Debarment Form:** The Debarment form allows Harvard to obtain written certification from vendors that they have not been debarred (prohibited) from doing business with the federal government. This is required for any purchase order or commitment of $25,000 and over and made with federal funds. A prime contractor such as Harvard, who knowingly does business with a debarred vendor, risks having its federal contract terminated. The form must be completed at the time the order is placed (i.e. if the vendor was not debarred 6 months ago, you need to prove he is not debarred at the time of your purchase).

**Federal Funds:** Funds received from the federal government which fall into the fund code range of 100000-199999.

**Harvard Crimson Online Marketplace (HCOM):** HCOM is an e-procurement system comprised of both Oracle iProcurement and the SciQuest Marketplace. These two systems branded together are known as HCOM. HCOM is the official system of record that contains invoice images, purchasing, and receiving information stored electronically so that printing of purchasing back up and filing of packing slips can be eliminated.

**Material Gift or Entertainment:** for purposes of this policy, “material” is defined as over $100; however, there may be exceptions depending on the circumstances. Staff are encouraged to use good judgment and to discuss gifts or entertainment with their supervisors.

**Micro Purchases:** Harvard has defined a micro-purchase as purchases of $10,000 or less. A micro-purchase does not require competition or a cost/price analysis but should be distributed equitably among qualified suppliers (to
the extent practicable). These thresholds are based on the National Defense Authorization Act of 2017 (NDAA-17) as well as OMB Memorandum 18-18 published June 20, 2018

**Non-Catalog Request**: Created when a good, service, or required supplier is unavailable in the HCOM Marketplace. A non-catalog request can be created for a one-time order of goods or services as well as for a Standing Order.

**Non-Competitive Proposal or Bid (also known as Single Source)**: Used when choosing a specific company and bypassing the competition. One or more of the following must apply: 1) public emergency procurement will not permit a delay in competitive solicitation, 2) after solicitation of a number of sources, competition is determined inadequate, 3) awarding agency or pass-through expressly authorizes noncompetitive proposals (must be documented), or 4) continuity of existing research/work.

**Nonfederal Sponsored Funds**: Also called other sponsored funds and may include funding from non-federal sponsors, including foundations, institutes, and societies. These funds fall within the fund ranges 200000-299999.

**Nonsponsored Funds**: Any funds falling into fund ranges falling outside of the federal and non-federal sponsored fund ranges. Included in this range are funds between 000001-099999 and 300000-749999.

**Payment Request (PR)**: Created when there is a need to initiate a payment to a vendor for goods or services. A PR is created when no Standing Order or Non-Catalogue order exists.

**Preferred Vendor**: Supplier that has been awarded a contract and/or pricing agreement with negotiated terms and conditions and pricing favorable to Harvard, for use by University schools or units, after successfully completing a formal sourcing process. The Strategic Procurement Office is the sole office which can assign the designation of Preferred Vendor. The list of University Preferred Vendors can be found on the Strategic Procurement website.

In addition, Harvard may access competitively bid contracts conducted by different group purchasing organizations (GPO) and consortia - some examples are E & I, Mass Higher Education Consortium (MHEC) and U.S. Communities based on evidence of consortia’s sound competitive and ethical procurement practices.

**Preparers**: an individual who assembles the information and backup needed for a transaction, keys it into the system and submits it for approval.

**Purchaser**: an individual who spends University funds, both directly (through use of HCOM or PCard) or indirectly (through use of Corporate Card or personal funds to be reimbursed).

**Purchasing Card (PCard)**: A University-liability credit card issued by the University to employees, for payment of high-volume, low-dollar, non-travel-related and non-entertainment-related business purchases. See the PCard Policy for more information.

**Purchase Order**: See Standing Order.

**Quote**: A written statement of promise (submitted usually in response to a request for quotation) by potential supplier to supply the goods or services required by a purchaser, at specified prices, and within a specified period. A quotation may also contain terms of sale and payment, and warranties. A quote may sometimes be called a proposal.

**Requisition**: An order created in HCOM which has not been approved or finalized using a predetermined approval hierarchy. Once a requisition has been approved it will generate a final order or PR number.

**Sealed Bid**: Used for construction projects more than $250,000. Formal solicitation is required and the fixed price (lump sum or unit price) is awarded to the responsible bidder who meets all terms and is lowest in price.
Selected Source: Alternate vendors exist, but the buyer chooses a particular vendor because of technical requirements (precision, reliability) or past performance by other vendors (poor service, availability of parts).

Simplified Acquisition Threshold (SAT): See Small Purchase.

Single Source (also known as non-competitive bid or proposal): Used when choosing a specific company and bypassing the competition. One or more of the following must apply: 1) public emergency procurement will not permit a delay in competitive solicitation, 2) after solicitation of a number of sources, competition is determined inadequate, 3) awarding agency or pass-through expressly authorizes noncompetitive proposals (must be documented), or 4) continuity of existing research/work.

Small Purchase (also called Simplified Acquisition Threshold): Harvard has defined a small purchase as between $10,000.01-$250,000 and two quotes as an adequate number. These thresholds are based on the National Defense Authorization Act of 2017 (NDAA-17) as well as OMB Memorandum 18-18 published June 20, 2018

Sole Source: A designation for a vendor whose product or service is unique and, to the best of the user’s knowledge, the vendor is the only known source (worldwide) from whom the product or service can be purchased.

Solicitation: A request to suppliers to make submissions to a purchasing organization. One of the critical documents in the solicitation is the specification or statement of work. It may be called either a request for proposal (RFP), request for response (RFR), or a request for quotation (RFQ), or a request for information (RFI).

Special Purchases: Purchases which carry additional restrictions per Harvard policy, such as purchases of chemicals or radioactive materials, live animals, etc.

Standing Order (SO): An HCOM order created to purchase prenegotiated recurring services where payments are made throughout the fiscal year against static account coding. A standing order may also be known as a Purchase Order (PO) and can accommodate multiple invoices over an extended period of time. Most SOs are governed by a contract signifying the total amount of services to be performed by the vendor.

System for Award Management (SAM): A free government website that consolidates entities authorized to work with the Government. Vendors with exclusions regarding working with the government are also listed in SAM (e.g., vendors who have been debarred (prohibited) from doing business with the federal government).

Time and Materials Contract (T&M): A type of contract for supplies and services based on direct hours at fixed hourly rates (include wages, overhead, general and administrative expenses and profit) and actual cost for materials. T&M contracts are often used when the extent or duration of the work cannot be estimated with a reasonable degree of confidence.

Total Cost of Ownership: Estimate of all direct and indirect costs associated with an item over the course of its lifetime.

Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards: also known as Uniform Guidance or 2 CFR 200 is a government-wide framework for grants management and is an authoritative set of rules and requirements for Federal awards that synthesizes and supersedes guidance from earlier OMB circulars.

Uniform Guidance: See Uniform Administrative Requirements.

Vacation Rule: Used to delegate approval authority to another Approver when taking a planned absence.
Vendor: A supplier providing goods or services to Harvard. For purposes of this policy, the term “vendor” is used interchangeably with the term “contractor” (see definition above). The general term “vendor” is different from the definition of a Harvard “Preferred Vendor,” which is a supplier selected through a competitive bid and negotiation process and whose products and services offer optimized value.

Vendors under Contract: Vendors with whom Procurement has a negotiated contract and/or pricing agreement but that may not meet Uniform Guidance requirements for sponsored purchases.

Vendor Justification Form (VJF): a form used to justify sole source selection and cost or price analysis, required for all purchases greater than $10,000 made with federal funds, cost-share funds or expenses transferred onto federal funds.

Related Resources

- Access to Harvard’s Financial Systems
- Accounting for Leases Policy
- Business Expense Reimbursements
- Conflicts of Interest or Commitment – Staff Personnel Manual
- Contract Samples (see also Office of General Counsel Model Contract Agreements)
- Cost Transfer Policy
- Debarment Form
- Debar Vendor Scrub Process & Procedures – OSP Internal Process
- DUNS and TIN/EIN Number FAQ
- Federal Acquisitions Regulations (FAR)
  - Debarment – 52.209-6 and 200.21
  - Negotiation of Profit – Section 200.323 (b)
  - Small and Disadvantaged Business - 52.219-9 and 200.21
- Financial Management of Property, Plant and Equipment
- Fraud Awareness and Reporting
- Harvard list of Preferred Vendors
- Harvard Key Controls (aka Internal Controls) – Procure to Pay
- Harvard University Faculty Policy on Financial Conflict of Interest
- Harvard University Staff Policy on Conflicts of Interest or Commitment
- Harvard University Policy on Conflicts of Interest and Commitment for Senior Officers and Administrators (2013-2014)
- Harvard University Terms and Conditions (see also Contract Templates)
- Harvard Record Retention
- Harvard University Procure-to-Pay Guide
- Harvard University Researchers’ Guide for Use of Controlled Substances
- Independent Contractors
- Legal Agreements, Workflow, Negotiating Authority and Signing Authority
- Office for Academic and Research Integrity
- Office of the General Counsel Model Contract Documents
- OMB Uniform Guidance
- Petty Cash
- PCard
- Procure-to-Pay Manual
- Responsibilities of Purchasers, Prepares and Approvers (ROPPA)
- Subrecipient vs Contractor Guidance
- Sustainable Purchasing Guidelines
- System for Award Management (SAM)
- Tax Exemption Certification Guidance
Travel Policy
Uniform Administrative Requirements
   Wasteful or Duplicative Purchases: 200.318 (c)(2)(d)
University-wide Policy on Individual Financial Conflicts of Interest for Persons Holding Faculty and Teaching Appointments
   Unrelated Business Income Tax (UBIT) -
Vendor Justification Form
Wage and Benefit Parity Policy

Revision History
07/01/2018.01M – Updated definition section and Appendix B to include threshold determination.

Appendices

Appendix A: Responsibilities of Purchasers and Conflict of Interest Standards
Appendix B: Summary of Required and Recommended Purchasing Procedures for Federal and Non-federal Funds
Appendix C: Vendor Justification Form (VJF)
Appendix A
Responsibilities of Purchasers and Conflict of Interest Standards

All individuals conducting purchasing activities on behalf of Harvard University must avoid conflicts of interest in their purchasing decisions, including but not limited to the following:

- Avoid the intent, appearance, and conduct of unethical or compromising practice in relationships, actions, and communications, including with affiliates or subsidiaries, or organizations that President and Fellows of Harvard College controls. For the most part, this does not include area hospitals and clinics with whom we work closely but are not part of Harvard. When transacting with an affiliate or subsidiary, you must abide by the same standards within this Appendix A.

- Demonstrate loyalty to Harvard University by diligently following the applicable laws, policies and procedures using reasonable care and only the authority granted as an agent purchasing on behalf of the University.

- Refrain from any private business or professional activity that would create a conflict between personal interests and the interests of Harvard University. A conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

- Avoid procuring goods or services from a vendor who participated in advising, developing or drafting the request for proposal.

- Refer to Fraud Awareness and Reporting

- Harvard University Policy on Conflicts of Interest and Commitment for Senior Officers and Administrators

- Office for Academic and Research Integrity

- University-wide Policy on Individual Financial Conflicts of Interest for Persons Holding Faculty and Teaching Appointments
Appendix B: Summary of Purchasing Procedures for Standard Purchases  
(Excluding Special Purchases – see Section I.B)

Schools or Units may have more restrictive requirements, contact your Finance Office for guidance.

<table>
<thead>
<tr>
<th>Threshold(a)</th>
<th>REQUIRED for Federal Funds (100000-199999) Cost-Share Funds or Expenses Journaled onto Federal Funds</th>
<th>BEST PRACTICE for Non-Federal Funds (all other funds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-$10,000</td>
<td>University recognized Preferred Vendors are encouraged</td>
<td>University recognized Preferred Vendors are encouraged</td>
</tr>
<tr>
<td>Micro Purchase</td>
<td>Schools are responsible for timely removal of expenses from federal awards if a supplier is identified as debarred (cost-share funding also applies). Download and save a pdf showing no active exclusions from the System for Award Management (SAM)</td>
<td>Purchases should be distributed equitably among qualified suppliers to the extent practical</td>
</tr>
<tr>
<td></td>
<td>Purchases should be distributed equitably among qualified suppliers to the extent practical</td>
<td>Self-approval for purchase up to $2,499.99 is allowed, but not recommended</td>
</tr>
<tr>
<td></td>
<td>No self-approval is allowed on federal funds</td>
<td></td>
</tr>
<tr>
<td>&gt;$10,000-$250,000</td>
<td>University recognized Preferred Vendors are encouraged</td>
<td>University recognized Preferred Vendors are encouraged, OR</td>
</tr>
<tr>
<td>Small Purchase</td>
<td>Electronic VJF must be completed in HCOM (paper VJF may be completed at the school’s discretion),</td>
<td>Should obtain a minimum of 2 but recommend 3 written quotes (email is allowable)</td>
</tr>
<tr>
<td>Simplified Acquisition Threshold (SAT)</td>
<td>o Non-Preferred Vendors require a minimum of 2 but recommend 3 written quotes (email is allowable)</td>
<td>Purchases should be distributed equitably among qualified suppliers to the extent practical</td>
</tr>
<tr>
<td></td>
<td>o Back-up documentation regarding vendor selection justification, (quotes, explanation around sole source vendors etc.) must be kept on file</td>
<td>For purchases ≥ $25,000: before Harvard makes a purchase commitment purchaser should obtain a signed Debarment Certification Form or have debarment language included in a contract or keep on file a pdf showing no active exclusions from the System for Award Management (SAM).</td>
</tr>
<tr>
<td></td>
<td>Purchases should be distributed equitably among qualified suppliers to the extent practical</td>
<td></td>
</tr>
<tr>
<td></td>
<td>For purchases ≥ $25,000: before Harvard makes a purchase commitment purchaser must obtain a signed Debarment Certification Form or include debarment language in the contract.</td>
<td></td>
</tr>
<tr>
<td>&gt;$250,000-$699,999(b)</td>
<td>Same as above, AND</td>
<td>Same as above, AND</td>
</tr>
<tr>
<td></td>
<td>Must conduct a formal written bid process,</td>
<td>Should obtain a minimum of 2 but recommend 3 written quotes.</td>
</tr>
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<td></td>
<td>If a competitive bid, vendor selection should be awarded to the bidder whose proposal is most advantageous to the program with price being one of the factors. Sealed bids must select the vendor that meets the requirements &amp; has the lowest bid</td>
<td>Payments ≥ $250,000 require electronic approval of Tub Financial Dean or Designee and Strategic Procurement</td>
</tr>
<tr>
<td></td>
<td>Purchaser must complete sections A &amp; C on the VJF.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Payments ≥ $250,000 require electronic approval of Tub Financial Dean or Designee and Strategic Procurement</td>
<td></td>
</tr>
<tr>
<td>≥$700,000+ ($1.5M for construction)</td>
<td>Same as above, AND</td>
<td>Same as above</td>
</tr>
<tr>
<td></td>
<td>Purchaser must develop minority vending goals &amp; complete Individual Subcontractor Reports (ISR) &amp; Summary Subcontract Reports (SSR) &amp; submit subcontracting plan if required by RFP</td>
<td></td>
</tr>
</tbody>
</table>

(a) See Subrecipient vs Contractor Guidance to determine if a subcontract or vendor/contractor and/or requirements of subcontracts under vendor/contractor contracts. Thresholds are based on NDAA-17 and OMB Memorandum 18-18.

(b) See the Procure-to-Pay Manual regarding requirements for noncompetitive, competitive or sealed bid proposals and processes. Some bid types may require the selection of the lowest bidder, others may not. Contact your local school Finance or Procurement offices for guidance.
Appendix C:

VENDOR JUSTIFICATION/PRICE VERIFICATION FORM (VJF)

A vendor is a supplier providing goods or services to Harvard. Harvard uses the term “vendor” interchangeably with the term “contractor.”

Requisition/PO/PR NO (if known): Date: Vendor:

TUB AND ORG NAME: ACCT.CODE:

|-----|------|------|------|----------|---------|------|

Purchased with:  
- Federal Funds (100000-199999)  
- Cost-Share Funds  
- All Other Fund Types

Harvard University requires vendor selection justification and price verification for orders > $10,000 purchased with Federal funds (100000-199999 fund range). All individuals making purchases on behalf of Harvard must follow the conflict of interest standards outlined in Appendix A as well as any other of Harvard’s existing conflict of interest policies (see Procurement Policy Related Resources). Purchases made with cost-share funds or journaled onto Federal funds must also meet these requirements. Schools and units must complete the electronic VJF in HCOM and keep back-up documentation on file. It is a best practice to use this form and follow the requirements listed in Appendix B of the Procurement Policy. Schools and units may have more restrictive vendor review requirements; contact your local Procurement or Finance Office for guidance.

All purchases made with Federal funds may be subject to a Federal audit at any time. All such purchases should be made prudently and are subject to fair and reasonable pricing. Internal documentation such as purchase orders, invoices, copies of competitive quotes or proposals, or cost/price analysis should be retained as justification of reasonable pricing for items >$10,000. A justification for non-competitive bid/sole source selection should also be retained. See the Procurement Policy and Procure-to-Pay Manual for additional information. Note: A subcontract formally negotiated through and signed by OSP does not require a VJF.

### Order Thresholds

Check appropriate boxes, complete required fields and file this form with your department award records or upload into HCOM.

- **≤$10,000** - Vendor Justification Form (VJF) not required. No further requirements. Use of Preferred Vendors are encouraged. If purchasing supplies or services from the same vendor where the aggregate dollar amount exceeds $10,000 then use this VJF based on the aggregate dollar amount.

- **>$10,000-$250,000** (Select vendor and bid type below))
  - Used a Preferred Vendor - If using a preferred vendor, Complete Section A. No further requirements. See Preferred Vendor list.
  - Did not use a Preferred Vendor - Purchaser must complete sections below and include documentation as noted below.
    - Non-competitive purchase/bid: Procurement through solicitation of a proposal from only one source, therefore not allowing vendor & price competition. Indicate bidder in Section A and complete sections B & C.
    - Competitive purchase/bid: Same items priced differently by several vendors. Minimum of two written quotes/bids required, three preferred. Retain copies of bids/quotations in department files or upload into HCOM & note PR number above for audit purposes. Complete Sections A & C. If only one bid is received, indicate bidder & complete Sections A, B and C

- **>$250,000-$699,999**  
  - Purchaser must conduct a formal competitive bid process, obtain a minimum of 2 written bids AND complete Sections A and C. Contact your local Finance or Procurement Office and refer to the Procure-to-Pay Manual for guidance.

- **≥$700,000**  
  - Contact your local Finance or Procurement Office for guidance.

### SECTION A – Vendor Quotes

Retain copies of bids/quotations in department files. Note PR number above.

**Competitive Bid:** Minimum of two bids required, three preferred.

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Total Price</th>
<th>Quote Contact</th>
<th>Quote Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### SECTION B – Sole Source/Non-Competitive Bid

Retain Vendor selection documentation in department files.

If a noncompetitive purchase/bid check one or more of the following boxes:

- Item or service is available only from a single source.

Supply a brief description and explanation for reason vendor is unique (see VJF examples):

- Public emergency procurement will not permit a delay in competitive solicitation.
- After solicitation of a number of sources, competition is determined inadequate.
- The Federal awarding agency or pass-through expressly authorizes noncompetitive proposals (must be documented).
- Continuity of existing research/work.

Supply a brief description (see VFJ examples):

### SECTION C – Selection of Source and Price Reasonableness

Retain Vendor selection documentation in department files.

**Cost/Price Analysis** Select one or more of the following statements to indicate that the bid price was fair and reasonable.

- The quoted prices incorporate discounts not available to the general public & reflect substantial savings (e.g. Preferred Vendor or contract partnership agreements, negotiated pricing, etc.).
- The quoted prices compare favorably to previous prices paid for the same or similar items on Payment Req.: _____________
- The quoted prices compare favorably to Harvard internal estimates (e.g. HUIT, UOS, etc.) for similar items.
- The quoted prices were reviewed as part of Harvard’s overall proposal by the federal sponsoring agency & found to be acceptable.
- The contractor has stated that the quoted prices are no greater than those charged to the contractor’s most favored customer.
- The price was obtained from a current catalogue or standard printed price list.
- Other (e.g., cost analysis for construction projects).

**Department Authorization** (Signature of the department buyer who initiated the purchase):

Signature: ___________________________ Date: ___________ Email Address: ___________________________

Name (please print): ___________________________ Telephone Number: ___________________________

Note: All individuals making purchases on behalf of Harvard must follow the conflict of interest standards outlined in Appendix A as well as any other of Harvard’s existing conflict of interest policies (see Procurement Policy Related Resources).
Appendix D:
Subrecipient (or OSP Administered Subcontract) vs Contractor

The terms vendor and contractor substantially have the same meaning and may be used interchangeably. For consistency purposes, when Harvard provides funds from a federal award to a non-federal entity, the non-federal entity receiving these funds is classified as a subrecipient/OSP Subcontract or a vendor/contractor based on the nature of the agreement and the criteria in 2 CFR §200.330.

Before entering into a relationship with another entity under a sponsored award in which the other entity will provide goods or services or substantive, programmatic work to Harvard as the prime recipient of funding, a determination must be made as to the nature of the legal relationship of Harvard and other entity, which in turn will determine the type of legal agreement required to document the relationship. This is a significant decision because it determines the allocation of responsibilities and influences the appropriate application of indirect cost rates.

See Subrecipient vs Contractor Guidance on Appropriate Classification of Legal Relationship for additional information.

Note: a contractor/vendor who may subcontract work is required to collect debarment certification from those additional subcontractors.

<table>
<thead>
<tr>
<th>A subrecipient relationship is appropriate when:</th>
<th>A contractor/vendor relationship (including that of an individual acting as a vendor for consulting services) is appropriate when:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Substantive, programmatic work or an important or significant portion of the research program or project is being undertaken by the other entity.</td>
<td>• The entity is providing specified services in support of the research program.</td>
</tr>
<tr>
<td>• The research program or project is within the research objectives of the entity.</td>
<td>• The entity has not significantly participated in the design of the research itself, but is implementing the research plan of the Harvard investigator.</td>
</tr>
<tr>
<td>• The entity participates in a creative way in designing and/or conducting the research.</td>
<td>• The entity is not directly responsible to the sponsor for the research or for determining research results.</td>
</tr>
<tr>
<td>• The entity retains some element of programmatic control and discretion over how the work is carried out.</td>
<td>• The entity markets its services to a range of customers, including those in non-academic fields.</td>
</tr>
<tr>
<td>• The entity commits to a good faith effort to complete the design or conduct of the research.</td>
<td>• Little or no independent decision-making is involved in the design and conduct of the research work being completed.</td>
</tr>
<tr>
<td>• The entity makes independent decisions regarding how to implement the requested activities.</td>
<td>• The agreement only specifies the type of goods/services provided and the associated costs.</td>
</tr>
<tr>
<td>• A principal investigator has been identified at the entity and functions as a “Co-Investigator.”</td>
<td>• The entity commits to deliverable goods or services, which if not satisfactorily completed will result in nonpayment or requirement to redo deliverables.</td>
</tr>
<tr>
<td>• There is the expectation that the entity will retain ownership rights in potentially patentable or copyrightable technology or products that it produces in the course of fulfilling its scope of work.</td>
<td>• The entity does not expect to have its employees or executives credited as co-authors on papers that emerge from the research.</td>
</tr>
<tr>
<td>• Publications may be created or co-authored at the entity.</td>
<td>• The expectation is that the work will not result in patentable or copyrightable technology or products that would be owned by the entity.</td>
</tr>
<tr>
<td>• The entity provides cost sharing or matching funds for which it is not reimbursed by Harvard.</td>
<td>• In the case of an individual vendor of consulting services, the person has no employment relationship with Harvard, either academic or administrative in nature.</td>
</tr>
<tr>
<td>• The entity regards itself, and/or is regarded by Harvard, as “engaged in research” involving human subjects under the Common Rule and therefore requires approval for its interactions with human subjects.</td>
<td></td>
</tr>
</tbody>
</table>