

The Purchase Order Process

Introduction to Purchase Orders

In general, the purchase of all goods and services at the university requires the review and approval of Procurement and Payment Services (Procurement). The primary method by which procurement and payment is accomplished is the purchase order process.

Definition. A *purchase order* represents the university's offer to buy goods and services. The purchase order is a legally binding contract, with specific terms and conditions between the university and the vendor. When all parties have fulfilled the obligations outlined on the purchase order, the university will issue payment to the vendor.

Roles and Responsibilities. The system used to initiate, approve and track a purchase order at the university is the Quali Financial System (KFS). The basic purchase order process is as follows: Unit/BSC creates requisition (REQS) → requisition reviewed/approved by Procurement → PO issued to vendor → Vendor fills order and sends invoice to Cornell → Cornell issues payment (check or ACH) to vendor.

Obtaining Access to KFS

Access to the requisition in KFS is managed by the BSCs. If you need to purchase something that is not in e-SHOP then [contact your BSC](#). To get access to e-SHOP, please [contact your BSC](#). Typically, units submit their requests for purchases of goods and services to the BSC via an I Want Doc, email, or center's form, and then the BSC initiates the order in KFS.

Bid limits

For purchases under \$25,000, the unit will select the vendor of their choice or preferred vendor if one is available for the required goods and services. When not utilizing a preferred vendor, the unit is encouraged to solicit competitive quotes. In addition, the [Purchases with Special Procedures](#) section of this manual should be consulted to ensure that the unit is aware of all requirements related to the good or service being ordered.

The university's bid limit is \$25,000. This is the dollar amount at which Procurement will undertake a formal bid process prior to the issuance of a purchase order. See [Section 402, Bid Solicitation and Exemptions](#) for the limited instances under which Procurement Services may exempt an order over \$25,000 from requiring a bid.

Large dollar orders require additional Procurement Services' management approvals. The following are the dollar levels when additional approvals are required:

- Up to \$25,000 Procurement Associate
- Less than \$100,000 Procurement Agent
- Less than \$1,000,000 Senior Director, Procurement and Payment Services
- Over \$1,000,000 less than \$5 Million University Controller
- \$5 Million and over Board of Trustees

Types of Purchase Orders

Generally, there are two types of purchase orders (PO) – recurring and standard.

A *recurring order* is placed when there is a repeated need for expendable supply items and/or services such as maintenance agreements, rental charges and leases. Recurring orders are issued with control parameters, such as a total dollar amount not to exceed, a specific time period for which the order is valid, e.g., one-year, estimated quantities, and estimated items. If a vendor is available in e-SHOP, then do not use a recurring order, place the order through e-SHOP.

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A *standard PO* is used when all items to be purchased are identified and listed when the order is sent to the vendor. Once the ordered goods and services have been received, the vendor invoices Cornell, and payment is made. There are four distinctions among standard POs:

1. e-SHOP orders - orders under \$1,500 are automatically sent to vendor; orders greater than or equal to \$1,500 are routed for required approvals before being sent to the vendor. Starting a requisition in e-SHOP is simpler and requires less manual data entry and ensures contract pricing.
2. Automatic Purchase Orders (APOs) – orders for less than or equal to \$25,000 are routed to the unit's Fiscal Officer (FO) for approval. An APO may not be utilized with new vendors, vendors on hold, or for commodities that require review by a procurement agent.
3. Purchase Orders greater than \$25,000 – these orders are routed to Procurement for review and approval. Preferred vendors may have a higher APO limit. Please review the Buying Manual section on Bid Solicitation and Exemptions.
4. New York State Purchase Orders – these orders are processed through the SUNY procurement system. Please review the topics under [New York State Procurement](#) for further details on orders utilizing New York State Appropriated funds.

Creating a Purchase Order

Creating a Requisition in KFS

The requisition serves as the units' request for goods or services. The following list of resources is intended to guide units in properly completing a requisition in the Kuali Financial System (KFS). Please review the Requisition tutorial (KFSPUR-400 REQS) before proceeding.

- Purchasing Tutorials
 - KFSPUR-400 OV (Purchasing Overview)
 - KFSPUR-420 CS (Vendor Contract Search)
 - KFSPUR-400 REQS (Requisition)
 - **KFSPUR-400 e-SHOP (e-SHOP) – new training tutorial created in April 2021**
 - KFSPUR-400 POA (PO Amendments)
 - KFSPUR-430 VSU (Purchasing Vendor Set-Up)

If you need further assistance after reviewing the tutorials, please contact the Procurement and Payment Services (Procurement) [at procure.support@cornell.edu](mailto:procure.support@cornell.edu). Additional training resources are available on the Procurement Web site at <https://www.dfa.cornell.edu/procurement/e-shop/training>.

If you do not have authorization from your BSC to access KFS but need to begin the procurement process, [contact your BSC](#). Your BSC will use the information you provide to create a requisition in KFS.

Progress Payments

Cornell's standard payment terms are Net 60 days from date of invoice. Other terms may be negotiated by the unit and Procurement. Examples of other terms include discounts for early payment or progress (milestone) payments on projects.

Use of progress payments incorporates risk. Approval of partial payment prior to a product or service being provided leaves the University with limited recourse if obligations are unfulfilled by the supplier. The Office of University Counsel may become involved should the supplier not meet his/her obligations.

In order to properly process payments, the requisition must reflect payments rather than the items being purchased or services being performed. At the line-item level, input the progress payment. For example:

1. "Progress payment one - 30% down payment with the order" (enter 30% of total cost as the dollar amount)
2. "Progress payment two – 30% upon delivery" (enter 30% of total cost)
3. "Progress payment three – 40% net 30 days after receipt of invoice, installation, testing and acceptance" (enter remainder of cost).

Product detail, unique conditions, terms, or additional information pertaining to the order must be entered in the Notes and Attachment tab. The supplier must submit invoices for each progress payment as applicable.

Procurement Services Review Process

Procurement will promptly review and evaluate all requisitions routed to us and will determine the appropriate actions required before the purchase order is issued. The procurement process may require one or more of the following actions, depending upon the conditions of the purchase.

- Requisitioned items are reviewed based on existing contracts.
- Requisitions will be evaluated based on bid limits and fund types.
- Documentation and price justifications for sole source/single source orders will be reviewed by a procurement agent.

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- The terms and conditions of the purchase order may need to be negotiated and finalized with the vendor.
- Requisitions with special requirements may require review from the appropriate department (e.g., x-ray or sealed sources, bio-safety cabinets).
- Some purchases may need to address specific issues (e.g., insurance coverage, customs clearance, legal review of vendor terms and conditions).

Paying for Purchase Orders

In order to fulfill the purchase order:

1. The goods must be received.
2. The vendor must submit an invoice to Cornell University, Accounts Payable, 377 Pine Tree Road, Ithaca, NY 14850 or via email to DFA-4040_invoice@cornell.edu. For some high volume vendors, invoices are submitted to Cornell University via electronic invoicing. Invoices are used to create payment requests in KFS.
3. Additionally, the Fiscal Officer (FO) must approve the following payment requests before the payment is made.
 - a. Any invoice from an order originated in e-SHOP for under \$1,500
 - b. Any invoice over \$5,000

PO Amendments and Cancellations

Purchase Order Amendments (POAs) are the responsibility of the BSCs. When a purchase order (PO) is changed, KFS creates a POA based on the existing PO. POAs should be used only for adding or deleting items.

- You may not change a vendor by issuing a POA. In order to change a vendor after a PO has been issued, you must cancel the PO and reissue a new order.
- You may not change a billing account by issuing a POA. The Fiscal Officer (FO) can change the account when reviewing the payment request.
- Do not process POAs on non-quantity orders.

Orders that originated in e-SHOP cannot be changed or amended. The unit must contact the supplier directly to cancel the order.

To process an amendment (or change) to a purchase order, review the KFSPUR-400 POA Purchase Order Amendment tutorial.

Bid Solicitations and Exemptions

Bid Solicitation Requirements

Per University Policy 3.25, Procurement and Payment Services (Procurement) is responsible for requesting quotations or proposals from suppliers at expenditure levels above \$25,000 (formal bid limit) or when specific fund types are used. Good purchasing practice dictates that requests for proposals and quotations to responsible suppliers effectively develop competition and guard against favoritism, improvidence and fraud. The primary purpose of competitive bidding is to insure and demonstrate that funding is being responsibly spent and equal opportunities are being extended to responsible suppliers.

When a unit has a need for a good or service that may cost more than \$25,000, the unit should contact Procurement. Procurement will assist the unit in developing specifications, identifying potential sources (vendors), and will issue all requests for bidding. During the competitive bid process, Procurement controls all information to ensure that all suppliers receive the same information. Supplier responses are kept confidential. Suppliers may receive general feedback on their response relative to other suppliers. New York state (NYS) appropriated funds are subject to public bidding.

Awards of bids are made on a best value basis. Lowest pricing award does not require any additional explanation. Awards made for reasons other than low pricing require documentation of the reasons for the award.

To request a bid solicitation, e-mail procure.support@cornell.edu with the specifications and potential list of vendors. Use the form available on the Bid Solicitation web page at <https://www.dfa.cornell.edu/procurement/tools-forms/forms/bid-solicitation>.

This procedure is in compliance with State and Federal Regulations and is subject to University Policy 4.7, Retention of University Records. Procurement is responsible for issuing and maintaining all documentation relevant to quotations, bids, proposals and awards based on the bid thresholds below.

Bid Thresholds

Competitive bidding occurs at many different levels in terms of dollars, formality and process. Requirements for requesting quotations, bids and proposals are determined by anticipated expenditure levels and fund type as described below:

Less than or equal to \$25,000 (for all fund types)

The responsible unit is encouraged to solicit competitive quotes, but it is not required. For orders using New York State appropriated funds, reasonableness of the price should be documented and maintained by the unit.

Greater than \$25,000 and less than or equal to \$50,000 (for all fund types)

Procurement will solicit from a minimum of three (3) responsible suppliers. Formal quotations will be requested only from those suppliers deemed qualified.

Greater than \$50,000 (for all fund types)

Procurement will solicit from a minimum of five (5) responsible suppliers. Formal quotations will be requested only from those suppliers deemed qualified.

Exemptions from Bidding

For New York State appropriated funds, contact Procurement and Payment Services.

Bids will not be required when any of the following conditions apply:

State Contract:

The acquisition of goods and services from New York State Contracts is exempt from bidding for any dollar amounts. The unit has the option to request bidding at their discretion and in consultation with Procurement.

Preferred Supplier Agreements:

Procurement has Preferred Supplier Agreements with several vendors. These suppliers have participated in a competitive bid and negotiation process to establish pricing, service levels, and terms and conditions for a particular product or service category. The agreements are established based on the University's requirements for the particular product or service category (commodity).

Generally, orders issued to a preferred supplier preclude bidding. Contact procure.support@cornell.edu if you are working on an order that may exceed \$100,000. Request a quote from the preferred supplier and enter the information on the requisition. No additional paperwork is required. To view the complete list of preferred suppliers, please refer to the Procurement web site <https://www.dfa.cornell.edu/procurement/supplierlistview>. Additional information on each supplier is provided by clicking on the supplier's name.

Contract Supplier:

These suppliers have participated in a competitive bid process and Procurement Services maintains a relationship through a formalized agreement. These suppliers may have been competitively bid by Procurement and Payment Services, New York State, or a group purchasing organization (GPO).

Generally, orders issued to contract suppliers preclude bidding. Contact procure.support@cornell.edu if you are working on an order that may exceed \$50,000. Purchase orders greater than \$25,000 will be reviewed by a procurement agent and may be bid at the discretion of the agent. A quote is required from the supplier. Enter the information on the requisition and submit the paperwork with the requisitions to Procurement Services.

Single Source/Sole Source Purchases:

Where competition may not be feasible due to the single source or sole source nature of a commodity or a particular specification, a written justification is required and **reasonableness of price must be established**. Use the Single/Sole Source Justification form, which is available on the Procurement website at <https://www.dfa.cornell.edu/procurement/tools-forms/forms/source-justification>. This applies to purchases over \$25,000 for all funds. Additional procedures are required for New York State appropriated funds.

Local and Diverse Suppliers:

In the interest of diversifying the university's supplier base and supporting the university's goals of inclusion, Cornell may, at the discretion of the Procurement Agent, purchase directly from local or certified diverse suppliers (as defined by the Small Business Administration) without soliciting competition. The Agent must take steps to ensure that the prices charged are reasonable and that the selection of the supplier assists in this mission.

Recycled Products:

In the interest of meeting the University's goals of sustainability and environmental protection Cornell may, at the Procurement Agent's discretion, purchase recycled goods directly without soliciting competition. The Procurement Agent must take steps to ensure that prices are reasonable.

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Emergency Orders:

An emergency is defined as a critical situation which is an unanticipated and sudden occurrence which is life threatening, catastrophic in nature, or involves pressing necessity for immediate repairs, reconstruction, or maintenance in order to permit the safe continuation of a necessary use or function, or to protect the property or the life, health, or safety of any person. Orders may be issued in these emergency situations at the Procurement Agent's discretion without soliciting competition. Procurement Agents must take steps to ensure that prices are reasonable.

Catering Services, Hotel/Event Space Rental, Hosted Events

Selection of a service provider for catering or a venue for a hosted event are based on criteria which may include location, number of guests/attendees, hosting dignitaries, accessibility, parking, event budget, and so forth. These types of services typically do not lend themselves to bidding and as such are exempt from the bidding requirement. However, these services must use the appropriate contract and purchase order and the vendor must provide the necessary certificates of insurance as required. *These services are exempt from the bid limit unless contract, grant, or federal funds are used to pay for the service.*

Human Resources Recruiting Services

The Human Resources' Employment and Recruitment Center is responsible for approving all contracts for professional services with employment search firms. These firms offer a specialized service to meet specific criteria established by the college or administrative unit. *These services are exempt from the bid limit unless contract, grant, or federal funds are used to pay for the service.*

Cornell Cooperative Extension (CCE) Association Services

Purchase of extension association related services, requested by Cornell Cooperative Extension (CCE) Administration units, is exempt from the bidding requirement due to the nature of our land grant mission, including when contract, grant, or federal funds are used to pay for the services.

Source (Vendor) Qualification

A college or administrative unit may submit the names of prospective bidders (i.e., bidders list). Procurement will identify additional bidders if necessary, to comply with bid requirements. Procurement will add or delete suppliers from a bidders list based upon factors including but not limited to size (which relates to the ability to provide and/or service the requirements), past performance, financial resources, quality assurance, technical capability, competitive pricing, customer service and through current research on available suppliers, including input from end users/units at Cornell. Only suppliers deemed qualified will be invited to participate in an RFP.

Types of Bid Requirements (Solicitations)

The following defines the types of bid solicitations used by Procurement. Information and results from RFP's, RFQ's & RFI's are Cornell University confidential. Responses to any of these types of bid solicitations may not be shared with parties outside of Cornell University, including vendors.

- **Request for Proposal (RFP)** – This is a formal invitation to vendors to submit a proposal to provide a product or service. The RFP contains project specifications, application procedures, and deadlines. The responses are evaluated based on dollar amount, quality, service, delivery, and other criteria as described in the document. Results may not be shared with parties outside of Cornell University, including vendors. For New York State appropriated funds, additional procedures and paperwork are required for RFPs over \$10,000. Results may be shared with parties outside of Cornell University, including vendors.
- **Request for Quotation (RFQ)** – This is an invitation to vendors, which is used to get pricing and delivery information for a list of items with a clear set of specifications. Results may not be shared with parties outside of Cornell University, including vendors. For New York State appropriated funds, additional procedures and paperwork are required for RFQs over \$10,000. Results may

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be shared with parties outside of Cornell University, including vendors.

- **Request for Information (RFI)** – This is an informal request. This is used to collect general information about suppliers or products and services. An RFI is used to gather information to help decide regarding the next step as needed in the process. The results of an RFI may be used to generate formal specifications for an RFP. Results may not be shared with parties outside of Cornell University, including vendors.
- **Invitation for Bid (BID)** – This is a formal invitation to vendors to submit a proposal (bid) on a specific goods or services. The vendors submit sealed bids which are opened in a meeting that is open to the public. The Invitation to Bid is used for expenditure of New York State appropriated funds when the purchase amount is greater than \$50,000.

Single Source and Sole Source Justifications

These guidelines apply to all purchases greater than \$25,000 for all fund types, where competition may be restricted due to a variety of reasons such as technical specifications, proprietary information, method of distribution, or upgrades of existing equipment.

A **Single Source** is the one source among others in a competitive marketplace which for a justifiable reason has predominate qualifications for selection for contract award.

A **Sole Source** is the one and only source regardless of the marketplace, possessing a unique and singularly available performance capability for the purpose of contract award.

Roles and Responsibilities

It is the responsibility of the End User/Unit and the Procurement Agent to indicate the basis for awarding the purchase to a single source/sole source and to determine that the non-competitive price was fair and reasonable.

The *End User/Unit* will justify and document in writing, the reasons why competition may be restricted; and also provide information which establishes the reasonableness of the price (refer to the single/sole source justification form). The [Single/Sole Source form](#) should be completed, dated, and signed by the End User/Unit prior to attaching it to the requisition being submitted to Procurement Services.

Procurement Services will verify the justification and documentation and/or supplemental information provided by the End User/Unit. All single/sole source justification forms that identify using funding from grants, contracts, or federal funds may be routed to Sponsored Financial Services for review prior to the release of the purchase order.

The Single/Sole Source form and directions are available on the Procurement Services web site at <https://www.dfa.cornell.edu/procurement/tools-forms/forms/source-justification>.

e-SHOP

Policy

Cornell's e-procurement system is the preferred method for initiating an order for goods and services. For suppliers enabled in this system, units should utilize this procurement tool for all transactions with that supplier to ensure that the unit receives Cornell's discounted pricing.

Definition

e-SHOP is Cornell's branded e-procurement system, which allows the user to procure goods and services from a wide variety of selected suppliers through KFS. Low dollar purchases (generally under \$1,500) are eligible to be routed directly to the supplier with no additional approval requirements. Purchases above \$1,500 will route to your Business Service Center, and purchases over a pre-determined automatic purchase order (APO) limit (see below) will route to Procurement for approval, prior to being sent to the vendor.

Types of Suppliers in e-SHOP

The following types of suppliers are available in e-SHOP:

- Preferred (APO limits range from \$25,000 - \$100,000) – see definition in section 102
- Contract (APO limits of \$25,000) – see definition in section 102
- Pricing Agreement (APO limits of \$25,000; no bidding exemption) -- For your convenience, Procurement has pricing agreements with terms and conditions in place with suppliers who meet one of the following criteria:
 - They have discounted pricing for Cornell.
 - They have a service, license, or maintenance agreement with Cornell.
 - They support the local economy, i.e., located in Tompkins or adjacent county
 - They meet criteria for small or diverse business classifications, as defined by the Small Business Administration.
 - They support Cornell's sustainability initiative.

Process

When purchasing from a supplier that is available in e-SHOP, the requisition should be started in e-SHOP. e-SHOP provides several benefits to the user and to the University:

- The e-SHOP shopping cart populates the line item detail in the KFS requisition
- One shopping basket may be created for purchases from multiple suppliers
- Both users and approvers may store notes on the order, helping to document the history
- Transaction details are stored electronically

Not all items in a vendor's e-SHOP punch-out site or hosted catalog are under contract, for those items you are encouraged to shop for best price or contact Procurement to determine if the e-SHOP vendor will match the better price.

It is possible to create an order in e-SHOP that is greater than the formal bid limit of \$25,000. Such purchases will be routed to the BSC for approval and then to Procurement for final review and approval. Bidding may be required at the discretion of the procurement agent, see Buying Manual section 402, Bid Solicitations and Exemptions.

e-SHOP Training

In preparation for using the system, it is recommended that new users participate in the webinar and/or take the tutorials for KFS Basics and KFSPUR400e-SHOP Tutorial. For additional information on e-

SHOP, including training materials and the monthly webinar schedule, please visit the Procurement website at <https://www.dfa.cornell.edu/procurement/e-shop/training>.

Granting or Removing e-SHOP Access

To obtain access to e-SHOP and KFS, the end user should [contact his/her BSC](#). It is the responsibility of the BSC Director to review, approve, and update employee access to KFS and e-SHOP. Everyone with a valid Cornell NetID is automatically set up with a Shopper role. The Kual Security Request (KSR) doc is used to grant or remove access for the e-SHOP User and e-SHOP Plus User roles. When either the e-SHOP User or e-SHOP Plus User role is removed, the access will automatically default to the Shopper role.

e-SHOP Roles

The four e-SHOP roles are described below.

1. **Shopper:** This role is automatically available to any individual with a valid Cornell NetID. This role allows all users to review supplier catalogs in e-SHOP and create shopping carts of goods or services in e-SHOP. These carts must be assigned to an “e-SHOP User” to create a purchase order.
2. **e-SHOP User:** This role has a ***\$1,500 automatic purchase order (APO) limit*** and the permission to initiate, edit and accept assignment of carts in e-SHOP and fully process them as Purchase Orders in KFS. This role should be requested for all users who initiate e-SHOP transactions **OR** any user who would be assigned a cart to complete in KFS from another e-SHOP user. This role will be granted by the BSC using the Kual Security Request (KSR) doc.
3. **e-SHOP Plus User:** This e-Shop user role has a higher ***\$5,000 APO limit***. This role also has the permission to initiate, edit and accept assignment of carts in e-SHOP. This role should only be requested for users who meet **both** of the following criteria:
 - a. **Position** – such as:
 - i. Administrative/Business Manager
 - ii. Inventory staff (ordering to replenish or create inventory for a warehouse or job)
 - iii. Positions that require procurement of timely or emergency goods
 - iv. Procurement buyers - such as those in Facilities Services
 - b. **Card history and experience:**
 - i. Demonstrated history of compliance with pcard policy
 - ii. Demonstrated and frequent need for higher limits (e.g., type of purchases or need for quick or non-work hour procurements)
 - iii. Demonstrated potential need for emergency purchases
 - iv. Demonstrated and frequent need for the purchase of expensive equipment/materials.This role will be granted by the BSC using the Kual Security Request (KSR) doc.
4. **Vendor:** This role grants an e-SHOP vendor limited e-SHOP access and the ability to create a custom quote by creating a vendor cart for approval by an e-SHOP user. Access is granted by Procurement based on e-mail requests by the applicable Strategic Sourcing Agent; no KFS access is granted or needed.

BSC e-SHOP Access Process Tips

- **e-SHOP User.** Requesting e-SHOP User role access is done via the Kual Security Request (KSR) doc. Once the Org and Primary/Secondary Approvers are set up, the doc will route for approval accordingly.

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- **e-SHOP Plus User.** Once the individual meets the e-SHOP *Plus* User role criteria stated above, initiate the Kuali Security Request (KSR) doc to request access. Once the Org and Primary/Secondary Approvers are set up, the doc will route for approval accordingly.
 - **Requirement:** Ad hoc route “Approve” the KSR doc to the individual’s Department/Unit Chair and the appropriate BSC Director for approval.
- Once all approvals have been obtained, the access will be granted immediately.
- To modify a role from e-SHOP Plus User to e-SHOP User, you must process a request to remove the e-SHOP Plus User role and process a separate request to create the e-SHOP User role.

Terms and Conditions

Definition. The Terms and Conditions of the Purchase Order give Cornell University legal protection in all procurement actions and comply with laws governing its operation. The Terms and Conditions are published on the Procurement website at <https://www.dfa.cornell.edu/procurement/suppliers/doing-business/terms>.

Responsibilities

Procurement and Payment Services:

- Procurement and Payment Services (Procurement) is responsible for the issuance of and changes to the Terms and Conditions in consultation with the Office of University Counsel, Risk Management and Insurance, and the Office of Sponsored Programs.
- Any time a Supplier presents his/her Terms and Conditions as part of a transaction, a procurement agent (who has transaction authority for the University as defined in [University Policy 4.2, Transaction Authority and Payment Approval](#)) is required to review the supplier's terms for any conflicts that may exist between the supplier's Terms and Conditions and Cornell's Terms and Conditions.
- To amend a supplier's terms and conditions, the procurement agent responsible for issuance of the order may do so either electronically, by requesting the document from the supplier, or by striking the clauses in pen. The agent should be mindful to print legibly any additional terms and initial the change.

End User/BSC:

- In the event that a supplier presents his/her terms and conditions, the unit should forward the requisition, contract, terms and conditions, and any other accompanying paperwork to Procurement for review. Legal counsel will be asked for assistance as required.

Insurance Requirements

Cornell University requires that vendors who perform a service for the University meet [minimum levels of insurance coverage](#). Vendors must submit evidence of adequate insurance coverage as requested **prior** to performance of work or services for the University. If you are unsure as to whether the intended service provider must provide proof of insurance, the Cornell unit should contact the Department of Risk Management and Insurance. If the vendor does not have the [required insurance](#), submit a [Cornell Insurance Waiver Modification Request Form](#) to Risk Management and Insurance per the instructions on [their website](#).

A service is defined as an activity in which labor is the major factor and not merely incidental to the production, acquisition, and/or delivery of a good. Examples of services include hay delivery, catering, equipment repair, and web site design.

General Guidelines

- When a service is to be provided by a vendor, insurance is always required to mitigate any risk or harm to individuals or the university (e.g., financial impact, legal and regulatory concerns).
- When working with web developers and software companies, (e.g., programming, hosting, or data storage services or access to Cornell systems), cyber insurance is required.
- When hiring academic consultants from other universities or funding project with grants and contracts managed through the Office of Sponsored Programs, insurance is required.
- When Cornell is reselling a good or service, insurance from the vendor is required.

High Risk Activities

Certificates of insurance must be on file prior to work commencing for activities identified as high risk. High risk activities are identified as charter events (i.e. watercraft, aircraft, bus, van), drones, catering service, alcohol service, equipment installation, IT related consulting service, software or website implementation, services that require human contact (i.e. massage or henna service), contact with minors, or entertainment-related equipment (i.e. bounce houses, concert equipment). In addition, the procurement agent has the discretion to require a certificate of insurance beyond these instances.

Proof of Insurance

Caterers who have already provided proof of adequate insurance are listed on the Risk Management and Insurance web site at <http://www.risk.cornell.edu>.

Additionally, if you have access to KFS, you may view a vendor's insurance coverage and expiration dates in the vendor record. From the KFS Main Menu, select Vendor from the Lookup and Maintenance section. From the vendor record, view the Vendor Insurance Tracking tab.

If a unit wishes to engage a vendor to perform work or services identified as high risk or to confirm insurance requirements, contact Procurement. Procurement will contact the vendor to obtain the appropriate insurance certificates.

♦ **Caution:** Vendors are **not** to commence work or services for the university prior to the submission of proof of adequate insurance, if requested.

Questions Regarding Insurance Requirements

All requests for exceptions to the standard insurance requirements should be submitted by the end user and must be approved by the Department of Risk Management and Insurance. To request a waiver or modification to Cornell' insurance requirements, submit a [Cornell Insurance Waiver Modification Request Form](#) to Risk Management and Insurance. The Cornell unit should contact Risk Management at risk_mgmt@cornell.edu for assistance with the form.

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Standard Insurance Requirements

Vendor will carry insurance to financially support indemnification of Cornell as provided herein, and shall provide certificates of such insurance, upon request. Annual automatic renewals of the certificate of insurance must be requested from the Vendor's Insurance carrier and sent to Cornell upon the annual expiration date of the insurance policies.

These minimum requirements of the University shall not limit the liability or responsibility of the Vendor. Cornell's failure to enforce the requirements shall not be considered to be a waiver of any requirement. Any changes to these requirements shall only be made in writing and agreed upon by all parties.

For vendors, consultants, and contractors, Risk Management's standard insurance requirements are published on its website at <https://www.risk.cornell.edu/risk-guidance/vendors-insurance/>.

The Office of Risk Management and Insurance provides guidance on the use of **drones for University-related business and recreational purposes**. For information and help with FAA regulations for recreational, educational, and commercial use as well as local ordinances and safety guidelines, please review the specific requirements on Risk Management and Insurance's website at <http://www.risk.cornell.edu/forms-documents/risk-guidance/drones-guidelines/>.

Other Requirements for all insurance coverage:

- **Additional Insured:** Cornell University, its trustees, officers, directors, agents, representatives and employees are to be added as Additional Insured as required by contract and evidence of such will be provided on a certificate of insurance. Each policy shall contain provisions giving Cornell at least 30 days written (10 days in the case of non-payment) notice of cancellation, non-renewal or other change in coverage. The coverages shall also be primary and non-contributory.
- **Proof of Insurance:** Certificates of Insurance evidencing all required coverage must be received by the Procurement and Payment Services, 377 Pine Tree Road, Cornell University, Ithaca, New York 14850, insurance.procur@cornell.edu, prior to any work being performed.

Exceptions to the Standard Buying Guidelines

Risk Management and Insurance does not require the collection of certificates of insurance from major hotel chains for their providing of guest rooms. The provision of catering and meeting space does require proof of insurance unless an exception is granted by Risk Management and Insurance.

♦ **Caution:** Prior to procuring any services, always review the [Purchases with Special Procedures: Paying for Services](#) section of this manual.

Roles and Responsibilities

End User, Unit, BSC:

Inform the Procurement Agent when:

- An item specification is being developed for planned procurement action
- It is required that specific vendors be added to a bidders' list
- Procurement action is planned involving a potential sole or single source of supply
- Sources of supply need to be identified for a specific item or commodity
- Supplier services or products are not in compliance with specification or expectation

Procurement Services Agent:

- Maintain a current list of [commodity assignments](#) on the Procurement Web site
- Identify alternative sources of supply through regular commodity reviews
- Manage the bid process for selection of the best source of supply
- Conduct negotiations with suppliers
- Provide acceptable terms and conditions for procurement actions
- Resolve legal and risk management issues that arise in the source of contract and purchase order negotiations with the aid of University Counsel's Office and Office of Risk Management and Insurance
- Review any and all aspects of a purchase requisition, including accuracy of specifications, so that the best interests of the University are served
- Assist units with the development of specifications for required products and services

Sustainable Purchasing

Introduction

Cornell formalized the commitment to campus sustainability in the 2010-2015 Cornell University Strategic Plan. As part of this plan, the practices used in purchasing goods ought to follow the new sustainable guideline set forth by Procurement and Payment Services (Procurement). Each purchase has an impact on the goals Cornell has set to achieve in the Climate Action Plan.

Making a Purchase

The preferred method for purchases, including those considered sustainable, is through e-SHOP. The goods in e-SHOP contain product flags to make it easier for you to identify green certified, recycled, and Energy Star products.

Green certified includes products which are labeled under green or sustainable certification processes, excluding Energy Star or recycled goods. These products meet a standard including, but not limited to: Green Seal, EPEAT, Forest Stewardship Council (FSC), and Sustainable Forestry Initiative (SFI).

Recycled content products are made from pre-consumer or post-consumer material diverted from the waste stream.

Energy Star products are labeled and certified by government-backed program. Energy Star helps businesses and consumers protect the environment through energy efficiency. Look for the energy star label.



Energy Efficient Purchasing

To meet the desired results of the Climate Action Plan and our commitment to sustainability, Cornell University has implemented a plan for purchasing energy efficient products. The university has pledged to make a dedicated effort to purchase products that are Energy Star certified or meet the performance requirements for Energy Star certification. This practice includes but is not limited to the purchase of computers, appliances, electronic equipment, and food service equipment.

It is the responsibility of each purchaser to select products with this label. Search for products in e-SHOP with the Energy Star flag to find the good you need which meets the certification standard.

Visit the Energy Star web site at energystar.gov/index.cfm to see for yourself the savings in energy cost by using these certified appliances and models. For more information on sustainable purchasing and recommended products, visit the Procurement Services web site at <https://www.dfa.cornell.edu/procurement/about/initiatives/sustainability/purchasing>.

Life Cycle Cost Analysis

Life Cycle Cost Analysis focuses on evaluating the economic performance of a building including the building process, operation, and maintenance over its useful lifetime. Tradeoffs are made between the initial costs and long-term savings made through choices such as energy efficient purchasing.

Buying Manual

Subject: The Purchase Order Process

Title: Sustainable Purchasing

Number: 408

Issued: February 9, 2009

Revised: March 1, 2012

Although this analysis is related to sustainability it is not identical. For life cycle cost analysis, the focus is on cost-efficient building design and production. Solutions determined through this analysis may be environmentally beneficial. Particular designs which save energy or water will often result in a long-term cost savings.

Life-cycle costing is also applied to the purchasing of appliances and equipment on a smaller scale. When making purchasing decisions, you are encouraged to buy products which exceed the minimum efficiency standards set by the Department of Energy. ENERGY STAR has created comprehensive techniques to identify energy-efficient products that offer savings on energy bills without sacrificing performance.

Due to the continuous updates to the standards, we ask that you refer to the links below to find the current standards. Appliance and equipment purchases made at Cornell should meet the listed Energy Star standard at a minimum.

Department of Energy Standards:

- <http://energy.gov/eere/buildings/standards-and-test-procedures>

Energy Star Standards:

- http://www.energystar.gov/certified-products/certified-products?c=products.pr_find_es_products
 - Select the product type
 - Select the specifications tab
 - Utilize the product criteria link for the Energy Star Standards

Contracts (formerly Section 502)

Definition. A contract is a legally binding agreement between two or more persons or parties describing terms and conditions. The term “contract” is defined in this context as various agreements related to the procurement of equipment, supplies or services. These contracts should not be confused with the construction contracts that are administered by the Unit of Contracts Management. Examples of vendor’s contracts include maintenance agreements, service agreements, licensing agreements, leases, rental agreements, and quotations/order forms with terms and conditions or links to terms and conditions.

If the contract poses a substantial risk, the Procurement Agent may request additional review by the Office of University Counsel and/or the Department of Risk Management and Insurance. Review of documents can take anywhere from two weeks to several months depending on the complexity and the amount of negotiation required. Units are strongly encouraged to involve Procurement and Payment Services (Procurement) as early as possible, certainly in advance of submitting a final requisition with a contract.

Roles and Responsibilities for Contract Review, Approval, and Signature

End-User:

1. **Do not sign any vendor’s contract.** Only an authorized Procurement Agent may sign a contract per University Policy 4.2, Transaction Authority and Payment Approval
2. Review the vendor’s contract
3. When using a Cornell contract template, initial, sign and date as required on the template
4. The end user may complete and sign the IC Amendment and PSA Amendment if the contractual terms and conditions have **not** been modified, e.g., timeline, amount, scope of work. If the scope of work has been modified for an IT Professional Services Agreement, the Statement of Need must be updated and resubmitted to IT Security for review.
5. All requests for exceptions to the standard insurance requirements must be approved by the Department of Risk Management and Insurance. To request a waiver or modification to Cornell’s insurance requirements, submit a [Cornell Insurance Waiver Modification Request Form](#) to Risk Management and Insurance. The Cornell unit should contact Risk Management and Insurance at risk_mgmt@cornell.edu for assistance with the form.
6. Send the contract, Waiver-Modification Request form, and Risk Management’s response to the BSC with the request for a requisition. **By submitting the contract, or authorizing another staff member to do so, you attest that you take full responsibility for understanding the business terms and conditions of the contract, i.e., timing, payments, cancellation fees, etc. Any liabilities that result due to the failure to meet the business contractual terms will be the responsibility of the end user’s department or college.**

Business Service Center:

1. Review and attach the contract, Waiver-Modification request form, Risk Management’s response, and other necessary documents to the requisition
2. Procurement and Payment Services hereby delegates signature authority for contracts totaling less than \$25,000 to the directors of the financial transaction, administrative service, and business service centers and their BSC designees within the business service center for the following Cornell contracts and addendums only:
 - a. Caterer
 - b. Facility and Hotel Event Management Addendum
 - c. Performer without Equipment

- d. Performer with Equipment
 - e. Services Provider
 - f. Service Provider for Graphic Design or Videography
 - g. Service Provider for Photographer, Illustrator, Artist
 - h. Service Provider for Writing, Editing, Indexing
 - i. Service Provider for Language Translation and Interpretation
3. The BSC director/designee should attach a copy of the signed contract (per number 2 above) to the requisition and select "Yes" to send the executed contract to the vendor. If the specific contract amount is \$25,000 or more, it must be routed to Procurement for review and all bid requirements apply.
 4. All vendor contracts (non-Cornell template) must be submitted to Procurement for review and approval by a procurement agent regardless of dollar amount.
 5. All Cornell consulting agreements (i.e., Independent Consultant, Professional Services, and IT Professional Services) must be submitted to Procurement for review and approval by a procurement agent regardless of dollar amount.
 6. Any revisions to Cornell's standard contracts must be submitted to Procurement for review and approval by a procurement agent.
 7. If you have received approval for contract revisions from Risk Management or Counsel's Office, attach the approvals to the KFS requisition.

Procurement and Payment Services:

1. The Procurement Agent is responsible for reviewing the business and legal aspects of the contract and for negotiating terms and modifications
2. Request additional review by the Office of University Counsel, as needed
3. Sign the agreement on behalf of the University
4. Send the contract to the vendor with the purchase order

Requirements for Initialing and Signing Contracts

Contracts for Services	Unit Initials – each page	Unit Initials – last page	Unit Signature	BSC Director or Designee Signature < \$25,000	Procurement Signature
Vendor Templates	Yes	Yes			Yes
Cornell Templates:					
Independent Contractor	Schedules	Yes			Yes
IC Amendment		Yes			Yes*
Professional Services	Schedules	Yes			Yes
IT Professional Services	Schedules	Yes			Yes
Professional Services Amendment		Yes			Yes*
Facility Addendum				Yes	Yes
Caterer Contract			Yes	Yes	Over \$25,000
Performer without Equipment			Yes	Yes	Over \$25,000
Performer with Equipment			Yes	Yes	Over \$25,000
Services Provider			Yes	Yes	Over \$25,000
Service Provider for Graphic Design, Videography			Yes	Yes	Over \$25,000

Service Provider for Writing, Editing, Indexing			Yes	Yes	Over \$25,000
Service Provider for Photographer, Artist, Illustrator			Yes	Yes	Over \$25,000
Service Provider for Language Translation or Interpretation			Yes	Yes	Over \$25,000
Professional Search Firm			Yes		Yes

Note: * If the contractual terms and conditions have not been modified, a procurement agent's review and signature is not required. If the scope of work has been modified for an IT Professional Services Agreement, the Statement of Need must be updated and resubmitted to IT Security for review.