



**Northwestern
University**

Approving University Official(s): Vice
President and Chief Financial Officer

Responsible Office: Procurement and Payment
Services

Effective date: September 1, 2023

Next review date: September 1, 2026

PURCHASING AND PAYMENT

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Please also review the [Purchasing and Payment - Policy Related Procedures](#) document for important information related to the purchasing and payment expectations at Northwestern. Faculty and staff are expected to adhere to these procedures whenever possible.

Policy Statement

Northwestern University (Northwestern) supports sustaining and promoting a procurement environment based on the understanding that departments and schools are in the best position to determine what they need to run their programs. Policies and procedures are meant to support their need to get products and services in a timely and cost-effective manner, while also making sure appropriate business processes are followed.

Departments and schools, as well as faculty and staff, are expected to follow all procedures and best practices provided by Payment and Procurement Services in addition to the policies outlined in this document. All transactions must be appropriately recorded in NUFinancials as described throughout this policy and the Procurement and Payment Services website.

Purpose

Considerable authority has been delegated to departments and schools to make purchasing decisions. This policy is meant to provide guidance to end users making purchases on behalf of Northwestern. This requires that employees involved at every step of the process take full responsibility for understanding Northwestern's policies and procedures regarding purchasing, payment, and Vendor relations. Purchasing decisions are business decisions made on behalf of Northwestern and therefore should be made with the utmost consideration for what is in the best interest of Northwestern. Use of University funds are for official University business and purchases should be made in the most efficient and cost-effective manner. Following policy ensures that appropriate dealing with outside Vendors.

Northwestern's goal for every purchasing transaction is to obtain the best value possible. Northwestern strives to procure most goods and services through the use of contracts that have appropriate terms and conditions to properly protect the department/school, University, and Vendor. When bids are required by policy, they are to be conducted on an open and competitive basis and without favoritism. Interested Vendors will receive fair and impartial consideration.

Audience

All members of the Northwestern community, including those authorized faculty, staff, and students, who make purchasing and payment decisions or approve purchases on behalf of their department or school.

Definitions/Abbreviations

- AP means Accounts Payable
- ASRSP means Accounting Services for Research and Sponsored Programs
- ESAF means Northwestern IT Enterprise Systems, Alumni, and Financials
- FM means Facilities Management
- iBuyNU means iBuyNU Marketplace
- ITB means Invitation to Bid
- Northwestern means Northwestern University
- OGC means Office of General Counsel
- PO means Purchase Order
- PDD means Purchasing Decision Documentation Form
- PPS means Procurement and Payment Services
- Vendor means a third party that the University may do business with

I. POLICY/COMPLIANCE

A. ROLE OF PROCUREMENT AND PAYMENT SERVICES

Procurement and Payment Services (PPS) is the primary central supply chain resource at Northwestern, setting the overall strategy regarding how purchases and payments should be made. PPS is the single point of contact for all centralized supply chain related activities.

The role of PPS is to help departments/schools make informed, best value purchasing decisions, develop streamlined procedures for purchasing and payments, advocate for improved systems, and assist departments/schools with all other purchasing and payment related issues. PPS consists of Vendor File Management, Purchasing and Strategic Sourcing, e-Procurement, Accounts Payable, Corporate Card, e-Payment, Procurement Diversity, Travel, and Logistics (central receiving, lab gas program, and mail services).

More detailed information is available on the [Procurement and Payment Services website](#).

B. AUTHORITY AND RESPONSIBILITY

Northwestern maintains a procurement environment that delegates considerable decision making authority to departments/schools. Employees involved in the purchasing process take full responsibility for understanding Northwestern's policies regarding purchasing and vendor relations. **Purchasing decisions are business decisions made on behalf of Northwestern, and therefore should be made with the utmost consideration for what is in the best interest of Northwestern.**

Procurement of certain items or services may require specific licensure. It is the responsibility of the school/unit to obtain appropriate licensure. For example, if a department/school utilizes [controlled substances](#), they are required to have all appropriate licenses from the Drug Enforcement Administration (DEA) and the State of Illinois.

C. SEGREGATION OF DUTIES

Segregation of duties and responsibilities in the purchasing and payment process provides proper controls. Schools/units must ensure appropriate individuals are assigned responsibility for selecting, validating, and approving purchases. As the dollar value and complexity of a purchase increases, so does the level of authority and responsibility required to obligate Northwestern for a purchase. Below are factors to consider when departments and schools assign roles to ensure segregation of duties:

- **Requester/end user** (PI, lab assistant, department assistant, financial assistant, etc.):
 - Determine what is needed
 - Determine whether the need can be fulfilled by a Preferred Vendor
 - If there is no Preferred Vendor, research Vendors
 - Solicit prices
 - Analyze costs and assess other important factors (i.e. delivery, customer service, etc.)
 - Select a Vendor
 - Initiate a Requisition in NUFinancials or communicate needs to authorized requester
 - Obtain, prepare, and track necessary documents and paperwork flow
 - Ensure the proper receipt of ordered goods or services
 - Enter electronic receipt documents into NUFinancials

- **Approver** (supervisor, business manager, lab manager, Principal Investigator, etc.):
 - Validate the legitimate business purpose of the transaction
 - Validate whether the need could be fulfilled by a Preferred Vendor
 - Validate that adequate funding is available
 - Ensure compliance with University policy and applicable regulations regarding [Cost Accounting Standards](#) related to the use of restricted funds and the acquisition of regulated or controlled goods
 - Approve requisitions
 - Negotiate and resolve disputes with Vendors (PPS can assist)
 - Monitor and reconcile purchase transactions using the financial system and associated financial statements and reports

- **Responsible Administrator** (department chair, Dean, faculty supervisor, administrative department head, etc.):
 - Review and approve reimbursement requests for individuals they supervise
 - Approve requisitions and special purchasing transactions, when necessary

- Monitor budgets
- Ensure compliance with University policy and applicable regulations regarding Cost Accounting Standards related to the use of restricted funds and acquisition of regulated or controlled goods
- Approve exceptions to policy when necessary (Dean's and Vice Presidents)

D. TRAINING

Department and school personnel who will be responsible for making purchases **MUST** take appropriate security for their role (i.e. requestor, approver, etc.) and attend all associated training classes for those roles. Please visit the [Human Resources website](#) to access MyHR:Learn for Procurement and Payments Overview training, Corporate Card training, and Northwestern IT Enterprise Systems Alumni & Financials (ESAF) training for NUFinancials.

E. ETHICS

University funds are for business purposes only. Ethical business standards shall govern all procurement transactions.

- **Gifts.** University personnel shall not solicit or accept a gift of more than *de minimis* value from a Vendor or prospective Vendor in accordance with the policy on the [Acceptance of Gifts and Hospitality from External Parties](#) and the associated [FAQs](#).

Purchasing decisions shall also not be based on marketing strategies by Vendors that provide gifts or gift cards which could benefit them personally. If a gift or gift card is received, it is the property of Northwestern.

Questions should be referred to your supervisor or the Conflict of Interest office (nucoi@northwestern.edu). For additional information see the [Standards for Business Conduct](#).

- **Conflict of Interest (COI).** It is the policy of Northwestern that its employees conduct the affairs of the University in accordance with the highest ethical, legal, and moral standards. An employee must not be in a position to make a decision for the University if their personal, professional, or economic interests (or those of their family member(s)) may be directly influenced or affected by the outcome. A COI attestation will be required when requesting that a new Vendor be added to NUFinancials, for purchases of \$25,000 or more (unless sponsored funds are being used, see Paragraph L), and annually. Refer to the [Policy on Conflict of Interest and Conflict of Commitment](#) for more information.
- **Fraud.** For the avoidance of doubt, any action that can be interpreted as fraud is not tolerated by the University, it will be considered a violation of policy, and the individual in question will be subject to disciplinary action.

F. TAX EXEMPT STATUS

Northwestern is a private, not-for-profit, nonsectarian, coeducational institution, created by Charter by the State of Illinois in 1851. Northwestern is exempt from Sales Tax, Use Tax, Retailer's Occupation Tax, Service Occupation Tax (both state and local), and Service Use Tax in the State of Illinois.

- **Northwestern's Illinois Tax Exempt Status.** This is to be used exclusively to make purchases for use by Northwestern and is not for personal use by individuals, faculty, staff, or students. Northwestern's tax-exempt status is a very serious issue and the integrity of how it is utilized must be protected, due to the potential for abuse. Misuse of Northwestern's tax privileges could be detrimental to Northwestern's tax-exempt status. Any purchase by a student organization must be University-related and paid for with University funds.

Not only can misuse of Northwestern's E-Number result in possible revocation of the tax exemption if an individual uses Northwestern's E-number for personal use (or for purchases that are not in furtherance of Northwestern's educational and research purpose), the State can impose personal liability for the taxes due as well as impose criminal penalties on the individual.

- **Exceptions.** Northwestern is NOT exempt from Food and Lodging Tax on hotel rooms and restaurant meals. Exceptions to this rule apply to catered type meetings and events, which fall under Sales and Use Tax. However, please note that Northwestern is NOT exempt from other taxes associated with these types of events, such as City Tax, A/V Equipment Tax, Occupancy Tax, Entertainment Tax, etc.
- **Sales and Use Taxes in Other States.** As a non-profit educational institution, Northwestern may also realize Sales and Use tax exemptions in several other states. This would apply to purchases for Northwestern offices located in another state or for events that are being planned in another state.

More information can be found on the [PPS website](#).

G. CONFIDENTIALITY

Northwestern University is a private, not for profit, nonsectarian, coeducational institution, created by Charter by the State of Illinois in 1851. ALL information exchanged between a Vendor and Northwestern throughout the procurement to payment process is CONFIDENTIAL and shall remain the property of Northwestern University. No information (copies of bids, correspondence, contracts, etc.) is to be released to individuals or organizations outside of the University without the expressed permission of PPS, OGC, and the Office of Global Marketing and Communications.

H. CONSEQUENCES OF VIOLATING THIS POLICY

Employees must be authorized to commit Northwestern's resources to a purchase. University faculty, students and staff are responsible for adherence to all sections of policy. Examples of improper use of purchasing authority include:

- Stringing or splitting a large purchase into two or more smaller orders in order to avoid bid requirements and required approvals.
- Using an inappropriate chart string or account code.
- Failing to appropriately disclose a conflict of interest and/or poor ethical conduct.
- Not processing a purchase utilizing NUFinancials (Requisition to PO or Payment Request).
- Improper, misleading, or deceptive use of the Purchasing Decision Documentation Form (PDD) or any related information.

Departments/schools, as well as individuals, will be subject to disciplinary action for failing to handle purchases according to policy and procedures. Infractions are to be reported to PPS, the department chair, University Compliance, or an Officer of Northwestern. Disciplinary action for those violating ethical business standards will be taken in accordance with applicable University policy, up to and including the termination of employment.

This may include:

- Elimination of delegated purchasing authority for the individual or department/school
- Disciplinary action will be in accordance with applicable University policy, the [Faculty handbook](#), [Staff handbook](#), and [Student handbook](#).

II. PURCHASING

I. DETERMINATION OF NEED/SELECTING A VENDOR

When a department/school needs to purchase a product or service, there are numerous considerations that must be taken into account prior to selecting a Vendor. When Procurement and Payment Services assists with vendor selection, many of these are assessed during the bid process.

- **Collaboration Requirements.** Departments/schools must work with the following departments for the project types indicated below:
 - [Facilities Management – construction and major renovation](#)
 - [Northwestern IT](#) – technology, software and communications

- **Insurance Requirements.** Northwestern has established minimum contractor liability insurance requirements. Risk Management must review and approve any exceptions to the standard insurance requirements of Northwestern. PPS will coordinate the assessment of insurance coverage when PPS is handling the ITB. For a list of suggested insurance limits, or if you have specific questions, contact [Risk Management](#).
- **Regulatory Requirements.** If the product or service being procured includes storage or transfer of data that falls under regulatory requirements, there may be additional regulatory considerations, such as:
 - **Export Controls.** Vendors are responsible for complying with all applicable export control regulations. Any such export-controlled items, equipment, or information MUST be properly handled and labeled by the Vendor as part of the Vendor’s responsibilities under the law. The burden shall be on the Vendor to prevent such export-controlled information from being improperly disclosed to Northwestern and if necessary, the Vendor shall obtain the appropriate license or approval from the relevant authorities or shall invoke an available exception, exemption, or exclusion before disclosing any export-controlled materials to Northwestern. Departments/schools with specific questions should contact the [Office of Export Controls Compliance](#).
 - **Family Educational Rights and Privacy Act (FERPA).** Completion of the Northwestern University FERPA Data Rider is required if the software stores personally identifiable student information. Departments/schools with specific questions should contact NUIT’s Information Security Office.
 - **PCI Compliance.** Contractors (Third Party Service Providers; TPSPs) are required to abide by the requirements of the current Payment Card Industry Data Security Standard (PCI DSS). PCI DSS applies to all entities involved in payment card processing, including merchants, processors, financial institutions, and service providers, as well as all other entities that store, process, or transmit card holder data and/or sensitive authentication data. Departments/schools with specific questions should contact Treasury Operations.
- **Information Technology Requirements.** When purchasing software or IT systems, there are several central IT related guiding principles and priorities that must be considered, such as Service Provider Security Assessment, Data Protection Standards, Web Accessibility, etc. For more information, review the [Purchasing and Payment Policy Related Procedures](#) document.
- **Vehicles.** The acquisition of vehicles by departments/schools must be coordinated through Procurement and Payment Services. Visit the [PPS website](#) for more information on [Vehicles](#).
- **Purchasing Items with University Name or Logo.** Northwestern has exclusive rights to its name, logos, trademarks, songs, mottos and mascots and prohibits their unauthorized use. Vendors who manufacture and/or sell items imprinted with Northwestern indicia (to the public, Northwestern departments/schools, or student organizations) are required to be licensed by Northwestern. Licensees operate under specific guidelines; all products and designs must be approved by Northwestern Trademark Licensing Office, the items must include an ‘officially licensed’ hangtag or label, and royalty reports must be submitted on a regular basis. More information is at the [Trademark Licensing website](#).
- **House Accounts, Credit Cards, and Direct Billing.** Departments/schools are not authorized to establish house accounts or credit cards in the name of Northwestern. Departments/schools are not authorized to accept offers for credit cards, charge accounts, or house accounts from Vendors who increasingly send such advertisements to departments/schools. If a department/school has house accounts or open lines of credit with any Vendors, they must take steps to close these accounts immediately. Direct Billing arrangements should be rare. The Payment Request process should be followed to pay for these exceptions, when appropriate.

- Please review the [Purchasing and Payment Policy Related Procedures](#) document for more important information related to the purchasing process expectations at Northwestern on the following, which are every bit as important as this policy. Faculty and staff are expected to adhere to these procedures whenever possible.
 - Preferred Vendors
 - Preferred Vendor Contracts are established by PPS for products and services needed by Northwestern departments/schools on a regular basis through a formal competitive bid and/or negotiation process. Departments/schools are strongly encouraged to utilize Preferred Vendors because they have been determined to represent the best overall value to Northwestern.
 - iBuyNU
 - iBuyNU is a tool that streamline the entire purchase-to-pay process from several Preferred Vendors and should be used whenever possible.
 - Purchases from Internal Service Units
 - Surplus Property Exchange
 - Procurement Diversity
 - Environmental Awareness

J. BID PROCESS

When a department or school needs to purchase a product or service when the total cost is \$25,000 or more and there is no Preferred Vendor for the product or service needed, bids must be solicited from at least three Vendors (unless sponsored funds are being used, see Paragraph I).

The best way to determine which Vendor to do business with is to make that decision based on a competitive solicitation among potential Vendors. It is a good business practice to make award decisions based on a best value assessment of their quote or proposal (taking into account a variety of factors in addition to price, such as delivery capabilities, quality, past performance, training, reporting capabilities, compliance with specifications/requirements, financial stability, etc.). The award should be made to the responsive and responsible bidder that offers the best combination of all of these factors.

Departments/schools must consider the total intended obligation (estimated total value of the contract or project) for products or services needed on a regular or repetitive basis to determine whether a bid needs to be performed (i.e. just because the monthly spend on a particular category of product or service may be less than \$25,000 does not exempt the need to solicit competitive bids and establish a Contract).

In addition, Contracts should generally be re-bid at least every five years. Some contracts can be longer, primarily those that require a significant on campus investment by the Vendor.

For bid solicitations, departments/schools have the following options:

- Department/school can request that PPS conduct a competitive bid/negotiation on their behalf.
- Department/school can perform a competitive bid.

Please note that departments/schools are strongly encouraged to engage PPS to assist with the competitive bid process for significant purchases or when a strategic relationship needs to be established with a Vendor for a particular product or service.

Visit the PPS website for more information about the [Bid Process](#).

K. SOLE SOURCE

If there is no ability to solicit multiple bids, departments/schools must demonstrate that the purchase from a particular Vendor is sufficiently justified as a sole source. Sole source means that a single Vendor is

uniquely qualified to meet the department/school's procurement objective. To be considered a sole source and therefore exempt from the bid process, one of the following conditions must be met:

- Only one firm has the product that will meet the project's need or only one firm can do the work.
- Supplier is uniquely qualified to provide this product or service.
- The product or service must match or be compatible with current equipment of services.
- Product needed is specifically required for use in conjunction with a grant.
- Service needed is controlled or mandated by the local utility or government.
- Contract is for unique artistic services (i.e., music performers, art awards).
- Order is being placed against an existing contract or agreement.
- Re-order based on previous bids or analysis done within one year.
- An unusual or compelling sense of urgency exists.

If the need meets one of the above criteria, the department/school can either negotiate with the Vendor directly or can request that PPS negotiate with the Vendor on its behalf. **All factors identified in Paragraph I above need to be considered.**

A [Purchasing Decision Documentation Form \(PDD\)](#) must be filled out to justify the purchase as a sole source.

L. SPONSORED DOLLARS SPENDING/UNIFORM GUIDANCE

Northwestern University has implemented procurement standards in accordance with the Uniform Guidance [2 CFR 200.317-326](#) for purchases for sponsored programs, including cost share. The primary goals of these procurement standards are to promote the reuse of existing equipment and supplies, encourage competitive bids for goods and services, and minimize sole sources. When making purchases using sponsored funds, please note the following:

- Multiple bids must be solicited by departments and schools for purchases of \$10,000 or more, which is the currently set micro-purchase threshold (we are adopting this best practice in accordance with the FY2017 NDAA), whenever possible unless the product/service is purchased from a [Northwestern Preferred Vendor](#). The [Purchasing Decision Documentation Form \(PDD\)](#) must be completed, which will result in the creation of one of the following:
 - Bid Summary Form, or
 - Sole Source Justification Form
 - *The appropriate form and all quotes must be attached to the requisition or payment request in NUFinancials.*
- Purchases must be reasonable, allocable, and allowable.
- Bids for purchases of \$250,000 or more using sponsored funds will be formally conducted by PPS (we are adopting this best practice in accordance with the FY2018 NDAA).
- Accounting Services for Research and Sponsored Programs (ASRSP) approves transactions of \$5,000 or more for sponsored programs. The [Charging Sponsored Projects Cost Allowability Guide](#) illustrates the criteria for charging expenses under Uniform Guidance.
- Procurement and Payment Services (PPS) will continue to be the final approver for all requisitions of \$25,000 or more.
- A cost transfer for equipment and purchases of \$10,000 or more from non-sponsored to sponsored chart strings must also have documentation that multiple bids were received or it is an approved [sole source](#) to be eligible for transfer. Documentation will need to be attached.

M. CONTRACT REVIEW AND SIGNATURE AUTHORITY

A contract can be required for a variety of reasons including but not limited to a multi-year term, level of risk, and amount of contract. Purchasing can help you determine when a contract is necessary to mitigate any risks to your department.

- **OGC Review.** Contracts for the purchase of goods or services t by Northwestern MUST be sent to the OGC for review ONLY if they fall into one of the following categories:
 - Contracts worth more than \$100,000 in total spend or spend per year (for a multi-year contract)
 - Contracts with particularly sensitive or materially risky subject matter or terms. Examples of sensitive or risky contracts and terms include, but are not limited to:
 - contracts with vendors that will have access to Northwestern’s IT systems, sensitive / confidential information, proprietary materials, or human biological samples. This includes contracts with vendors that:
 - store, manage, or process Northwestern sensitive / confidential information (such as personally identifiable information of employees, students, or research participants) through an internet-based application or platform hosted by the vendor; and
 - provide laboratory testing or analysis services for biological samples or data collected from human research subjects.
 - “mission critical” software licenses;
 - contracts for the purchase or lease of real property;
 - contracts for the purchase of building remodeling, renovating, construction, architecture, maintenance or other real estate-related services;
 - purchase finance transactions (i.e., contracts where the University would take on any debt or debt-like obligations, such as capital leases or lease-to-own contracts);
 - any contract that must be signed by the Vice President and Chief Financial Officer;
 - contract clauses that prohibit Northwestern from (1) interacting or doing business with certain individuals or entities, or (2) undertaking otherwise lawful actions or operations (i.e., non-compete or exclusivity clauses).
 - Renewal of an existing contract that falls into one of the categories above *and* is on legal terms (i.e., indemnification, limitations of liability, compliance with law) either (1) not previously reviewed by OGC, or (2) last reviewed by OGC more than 8 years ago. (Note: new or changed business terms or immaterial changes do not require OGC review).

Note: Contracts on Northwestern templates (as approved and maintained by Procurement, Schools, Departments, etc.) with unmodified legal terms (i.e., indemnification, limitations of liability, compliance with law) do not require OGC review, even if the contract would otherwise fall into one of above categories.

More information regarding OGC review of contracts is available on the [Office of General Counsel website](#).

- **Other Reviews.** Even if a purchase contract does not require OGC review, the contract or certain terms in the contract might require review and approval by other subject matter experts or responsible departments on campus. For example, the following subject matter experts or departments have responsibility for reviewing the following contracts or contract terms:

Subject Matter Expert / Department	Contract Review Responsibility
Northwestern IT	<ul style="list-style-type: none"> • Software licenses • Purchase contracts for IT-related systems or services, including internet-based applications • Data / IT system security terms in contracts with vendors that will have access to Northwestern's IT systems, sensitive / confidential information
Facilities Management	<ul style="list-style-type: none"> • Contracts for the purchase or lease of real property • Contracts for the purchase of building remodeling, renovating, construction, architecture, maintenance or other real estate-related services
Export Controls & International Compliance	<ul style="list-style-type: none"> • Export control terms in purchase contracts • Export controls compliance in relation to the purchase and use of goods and services by the Northwestern community, including sanctioned / excluded party review of vendors
Office of Risk Management	<ul style="list-style-type: none"> • Purchase contracts for goods or services, or with vendors, that present unique exposure to Northwestern (<i>e.g.</i>, contract for the purchase of mental health services for members of the Northwestern community) • Insurance terms in purchase contracts
Office of the Controller / Office of Treasury Operations	<ul style="list-style-type: none"> • Contracts with credit card / payment processors • Credit card / payment processing terms in other vendor contracts (<i>e.g.</i>, PCI-DSS compliance terms)
Neighborhood and Community Relations	<ul style="list-style-type: none"> • Purchase contracts related to special events, carnivals, races, etc.
Office of Global Marketing and Communications	<ul style="list-style-type: none"> • Contract terms allowing a third party to use the University's name, logo, or other trademarks in its publicity, marketing or advertising materials

It is the responsibility of the individual, department, or school seeking the contract with a vendor to request and obtain all required reviews and approvals of the contract and its terms.

- **Signature Authority.** Once a purchase contract has received all appropriate reviews and approvals, it is the responsibility of the individual, department, or school seeking the purchase contract to have it signed by an appropriate authorized signatory for Northwestern. Most employees, faculty, and other members of the Northwestern community DO NOT have the authority to sign contracts on behalf of Northwestern or one of its departments/schools. Rather, only certain officers or employees of Northwestern who expressly have been delegated authority to sign contracts on behalf of Northwestern may do so, and only within the limits of their delegation of authority. A list of the most common authorized signatories of purchase contracts for most departments and schools on campus can be found at the [signatory website](#). Check with Procurement or OGC if you are unsure who has authority to sign your contract on behalf of Northwestern. More information regarding the review and approval of purchase contracts is available on the [PPS Contract Process website](#).

N. USE OF NUFINANCIALS - PURCHASING

Upon conclusion of the bid process, determination of a sole source, and/or establishment of a contract, purchase and payment must be accomplished using NUFinancials.

- Please review the [Purchasing and Payment Policy Related Procedures](#) document for more important information related to the use of NUFinancials, such as:
 - Requesting new vendors by added to NUFinancials
 - **Vendors disqualified by Northwestern.** Vendors may also be prevented from doing business with Northwestern when evidence of improper conduct exists. This includes, but is not limited to fraud, collusion, attempts to improperly influence a bid, indictment of the bidder/contractor, previous performance issues, or if a Vendor is no longer in good standing with various Government agencies (Federal 'do not use', debarred, excluded parties lists, etc.). Contact PPS if you have questions about Vendors that have been disqualified from consideration.
 - Requisitions
 - Chart string
 - Commodity category
 - Ship to location
 - Special requisition types
 - Blanket order
 - Grant subcontract
 - Receive by dollar amount
 - Hold from further processing
 - Dispatching PO to vendor
 - Receiving
 - Changes to POs

III. PAYMENT

O. USE OF NUFINANCIALS - INVOICING/PAYMENT

A purchasing transaction is complete only after the goods or services have been received and the Vendor has been paid. When a PO is issued, the department/school assumes responsibility to make sure the Vendor is paid within an appropriate period of time. By issuing a PO through NUFinancials in advance of the purchase, funds are properly encumbered and set-aside to pay these obligations. The encumbrance is not a contract, but ensures that the required funding is available. [Accounts Payable](#) pays invoices for Northwestern, including those for external Vendor purchases, employee reimbursements, and payments to independent contractors.

- **Payment Processing.** Vendors shall send invoices directly to AP for proper processing. This is the best way to ensure invoices are paid in a timely manner.
 - Catalog Requisition (iBuyNU Marketplace purchases):
 - Invoices are submitted electronically by the Vendor and automatically imported into NUFinancials.
 - A receipt is not required; payment is made if the PO and invoice match.

- Non-Catalog Requisition:
 - Invoices for non-grant subcontract POs should be sent to AP via email at invoicesonly@northwestern.edu. Invoices can also be mailed. The Purchase Order (PUR) number must be on the invoice. Invoices are entered into NUFinancials by AP.
 - The department/school will be required to enter a receipt in NUFinancials upon receiving the goods or services to authorize payment (PO's under \$5,000 do not require a receipt).
 - Invoices for grant subcontract POs must be sent to one of the following email addresses as stated in the subcontract agreement (no receipt is required):
 - ASRSP-subk-CH@northwestern.edu
 - ASRSP-subk-EV@northwestern.edu
- **Electronic Payments.** Northwestern strongly encourages Vendors and to accept electronic payments. Visit the [ePayment Solutions website](#) for more information.
- **Payment Terms.** Every Vendor's invoice is due for payment within some period of time after it is generated. This is normally computed as the number of days after the invoice is received. Northwestern's standard for payment of Vendor invoices is within thirty (30) days after receipt of the invoice. This is referred to as payment terms of 'NET 30.' Northwestern must pay its obligations in a timely manner.
- **Tolerance.** Requisitions should be initiated based on actual prices. However, the system does allow a reasonable tolerance, so payment can still be made when the PO and invoice don't match exactly. The tolerance allowed in NUFinancials is **25% or \$100, whichever is lower.**
- **The 90-day Rule.** All University expenditures and costs should be charged to their proper source of funds within 90 days of their occurrence. Any reimbursements greater than 90 days old need to have an exception completed with the corresponding expense report.

More information is available on the [90 day policy page](#).

P. NON-PURCHASE ORDER/ALTERNATIVE FORMS OF PAYMENT

As indicated earlier, the purchase of most goods and services from outside Vendors is to be preceded by the issuance of an official PO generated by NUFinancials that is then sent to the Vendor. However, Northwestern has identified some exceptions for certain transaction types that are considered low dollar and low risk, where a formal PO may not be as necessary. Please see the [Alternative \(Non-Purchase Order\) Payment Guidelines](#). If you do not see the product or service listed that you are planning to purchase, then a requisition needs to be initiated so an official PO can be sent to the Vendor (as described above). Below is more detail on the alternative procurement and payment methods available:

- **Corporate Card**

Corporate Cards should not be used as the default purchasing method by departments/schools. They are to be used on a limited basis when other purchasing methods are not available for the item in need (see [Procurement Methods](#)). It is not to be used for all purchases or as a way to avoid using NUFinancials. The Corporate Card should NOT be used to order from Vendors that are in iBuyNU. Departments/schools are encouraged to use the Corporate Card for small dollar, low risk transactions. The Corporate Card is to be used for official University business expenditures only, and not for personal expenses.

- **Reconciliation.** Corporate card transactions must be reconciled in a timely manner. All transactions should be reconciled on an expense report in NUFinancials and approved within 30 days after the transaction occurs. **Receipts must be electronically attached.**

The cardholder's expense supervisor should verify that the purchase was appropriate and adhered to purchasing policies. The Corporate Card office should be contacted if inappropriate purchasing is identified.

If sales tax is paid, the employee may need to reimburse the University (unless the vendor will credit the sales tax) since Northwestern is a tax exempt organization. A special exemption may be requested from the employee's Dean or Department Head, in cases where it can be clearly demonstrated that the purchase and payment of tax was unavoidable or an emergency. This should be rare.

If an unauthorized charge (personal purchase, against policy, etc.) is made on the card, it must be reconciled on an expense report as a credit. The employee must reimburse the University via personal check when submitting the expense report. Accidental personal use of the card should be immediately reported to the Corporate Card office at corporate-card@northwestern.edu.

Training information on how to process and expense report for transactions in My Wallet is available on the [MyHR:Learn Website](#). Visit the [Corporate Card Website](#) for more information.

- **Payment Request**

The Payment Request process in NUFinancials should be used to request payment for services when the transaction does not warrant the issuance of an official PO to a Vendor, for direct-billed contracted services, services for which it is the normal practice to pay in advance, and for certain special payments such as recurring or international. It is primarily a way to request a check. Specific types are:

- Direct Payment Request (DPR). Registration fees, subscriptions, membership dues, emergency repairs, rent, payments to Northwestern affiliates, etc.
 - Please note that the following types of payments still require that departments/schools fill out the DPR form, which then needs to be sent to AP at electronictransfers@northwestern.edu with all required documentation (docuSign or adobe certified signature):
 - International check or wire payments
 - Open or replenish a petty cash fund
- Contracted, direct-billed services from individuals or contract staffing agency fees (the Contracted Services Form should be attached).
- Visitor travel reimbursements

The Payment Request process is **NOT** to be used as a method to pay invoices for products or services after the fact when a PO should have been issued and sent to the Vendor at the beginning of the transaction. Occasionally, if a department or school has an invoice that needs to be paid when no PO exists, the Payment Request process should be used. PPS and AP will monitor these exceptions to ascertain the frequency with which departments are using the Payment Request process when the Requisition process should have been used. AP reserves the right to refuse approval of Payment Requests from those departments that consistently refuse to use the proper purchasing method.

Q. APPROVALS/WORKFLOW

As indicated above, purchases and payments must be documented in NUFinancials. This ensures that all transactions go through workflow for approvals. Requisitions, Payment Requests, and Expense Reports all go through similar workflow as follows:

- **Requisitions.** All requisitions require at least one approval. A PO will not be issued until all applicable approvals have been applied.

- Departments/schools can require up to three internal levels of approval (see [Financial Systems Access website](#) for more information):
 - Level 1 - less than \$1,500
 - Level 2 - \$1,500 to \$4,999
 - Level 3 - \$5,000 or more
- Requisitions of \$25,000 or more will require the approval of PPS. A [Purchasing Decision Documentation Form \(PDD\)](#), which can be accessed from the [PPS website](#) or the [NUPortal](#), must be electronically attached to the Requisition. The selected Vendor's quote should also be electronically attached to the requisition. PPS reserves the right to request and review documentation related to the purchase, solicit additional bids, or conduct additional negotiations.
- Additional Special Approvals
 - **Restricted Commodities.** The purchase of **Radioactive Materials** requires special steps and/or an additional electronic approval from the [Office of Research Safety](#) before they can be ordered. When initiating the Requisition, the appropriate ACCOUNT CODE for Radioactive Materials must be used so all appropriate approvals can be obtained. The Office of Research Safety will also monitor purchases of Respirators and Select Agents (Toxins) in a post-audit fashion. Departments/schools **must** select the correct 'ship to' code when ordering the above commodities:
 - RSA745CH for the Chicago campus
 - RSA2145TE for the Evanston campus
 - **Purchases Using Grant/Sponsored Project Funds.** The purchase of products and services of \$5,000 or more using grant funds also requires the approval of [Accounting Services for Research and Sponsored Projects \(ASRSP\)](#).
- **Blanket Requisitions.** ALL requisitions for blanket Purchase Orders will be reviewed and must be approved by PPS, regardless of value. The Purchasing Decision Documentation Form (PDD) is required for blanket orders \$25,000 and above and those expected to reach \$25,000 or more during the fiscal year, unless a Preferred Vendor is used. PPS has the right to question multiple blanket orders to the same Vendor or blanket orders whose value is frequently increased.
- **Hold From Further Processing Requisitions.** All 'Hold From Further Processing' requisitions will be reviewed and approved by PPS before they are sourced into a PO. Requisitions that are submitted without the required comments will be sent back to the requester and those submitted that do not comply with the above will not be approved.
- **Changes to Purchase Orders.** Changes that need to be made to Purchase Orders that have already been dispatched to the supplier can be made directly to the Purchase Order via Add/Update PO in NUFinancials. Changes made to a PO via Add/Update PO may be routed for approval. Requests to close or cancel a Purchase Order or line on a Purchase Order should be made via the Change Order My Forms. The My Forms can be found in NUFinancials under Employee Self-Service.
- **Payment requests.** Payment Requests of \$25,000 or more will require PPS approval. A Purchasing Decision Documentation Form (PDD) must be electronically attached. Accounts Payable is the final approver before payment is issued.
- **Corporate card/Expense Reports.** Expense report will route to supervisor for approval, including those done to reconcile Corporate Card transactions.

Please note: Exceptions for PDD requirement are considered if alternative options do not exist. PPS maintains a comprehensive list of payment types that generally receive exceptions. A few common payment types considered for exceptions are payments issued to the State of Illinois for unemployment, settlement payments through Risk Management, payments to affiliate partners such as Northwestern Medicine, etc.

IV. MISCELLANEOUS

R. NON-TRAVEL RELATED EXPENSE REIMBURSEMENT

- **Advancing Personal Funds.** Departments/schools should select Vendors who accept University POs or Corporate Card. Individuals should not advance their own funds to purchase supplies and services on behalf of Northwestern. Purchases should be made through established purchasing policy and procedures. In limited instances the department/school or individual may need to pay for an item and be reimbursed. If it is necessary that an employee advance funds to purchase supplies or services for University business, the immediate supervisor must first authorize the purchase. The employee should request reimbursement by completing an Expense Report in NUFinancials.
- **Documentation Required.** Proof of payment and signatures of the purchaser and direct supervisor are required on documentation accompanying all requests for reimbursements. AP will not provide reimbursement for any purchase until complete documentation is provided:
 - The reimbursement request must be supported by the business purpose of the transaction.
 - For reimbursements of \$40 or more, the original itemized receipt issued by the Vendor is required:
 - If no receipt is available, attach a policy exception form (a cancelled check or credit card statement may also be attached).
 - Other clearly validated proof of payment, including written approval from the immediate supervisor verifying receipt of goods or services may be accepted.
- **Reimbursement for Taxes.** Since Northwestern is exempt from paying Sales and Use Tax, these taxes are generally not reimbursable when an employee has extended personal funds for the purchase. A special exemption may be requested from the employee's Dean or Department Head, in cases where it can be clearly demonstrated that the purchase and payment of tax was unavoidable or an emergency. This should be rare.

S. RECORD RETENTION

Departments/schools must maintain copies of all documentation related to purchases in accordance with the [Northwestern record retention policy](#), which is available on the [University Policies web site](#). PPS reserves the right to request and review any document related to a particular purchase decision.

T. CAPITAL EQUIPMENT/ASSET TRACKING

Capital Equipment is defined as property having a useful life of one year or more and a minimum acquisition cost of \$5,000 per unit. See [Capital Equipment Policy](#) for more information.

U. PROPERTY OWNERSHIP AND PROPER DISPOSAL

All merchandise purchased with University funds is the property of Northwestern, and as such may be disposed of only in accordance with University policy. Visit the [Surplus Property Program website](#) for more information.

Questions concerning disposal of capital equipment should be directed to the Property Control Coordinator in Accounting Services. Complete information can be found on the [Capital Equipment Disposal website](#)

V. VENDOR CODE OF CONDUCT

It is important that Vendors doing business with Northwestern adhere to policy as well. Therefore, a [Vendor Code of Conduct](#) has been developed and is available on the [PPS website](#).

Related Information

Supplemental webpages

Accounting Services	http://www.northwestern.edu/controller/accounting-services/
Accounts Payable	https://www.northwestern.edu/procurement/payment/accounts-payable/index.html
ASRSP	http://www.northwestern.edu/asrsp/
Controller	http://www.northwestern.edu/controller/
IT Administrative Systems	https://www.it.northwestern.edu/departments/as/
Financial Operations	http://www.northwestern.edu/financial-operations/
NUIT	http://www.it.northwestern.edu/
University Compliance	https://www.northwestern.edu/ethics/ https://www.northwestern.edu/risk/compliance/index.html
Office for Export Controls & International Compliance	https://exports.northwestern.edu/
Office of General Counsel	http://www.northwestern.edu/general-counsel/index.html
Office for Research	http://www.research.northwestern.edu/
Office of Research Safety	https://researchsafety.northwestern.edu/
Procurement and Payment Services	https://www.northwestern.edu/procurement/index.html
Risk Management	http://www.northwestern.edu/risk/
Travel	https://www.northwestern.edu/procurement/travel
Treasury	http://www.northwestern.edu/controller/treasury-operations/
Auxiliary Services (part of PPS)	https://www.northwestern.edu/auxiliary-services/
Administrative Systems Training	https://services.northwestern.edu/TDClient/30/Portal/Requests/ServiceDet?ID=7
Conflict of Interest Office	https://www.northwestern.edu/coi/
Corporate Card	https://www.northwestern.edu/procurement/payment/corporate-card/index.html
Equipment Inventory	http://www.northwestern.edu/controller/accounting-services/equipment-inventory/
Northwestern Policies	http://policies.northwestern.edu/
Northwestern Portal	https://nuportal.northwestern.edu/
Purchasing and Payment Policy	https://www.northwestern.edu/procurement/policies-forms/purchasing-policy.html
Purchasing and Payment Policy Related Procedures	https://www.northwestern.edu/procurement/policies-forms/purchasing-policy.html
Purchasing to Payment Training	https://www.northwestern.edu/hr/learning/index.html

Standards for Business Conduct	https://policies.northwestern.edu/all-policies/standards-for-business-conduct/
Surplus Property	https://www.northwestern.edu/procurement/about/surplusproperty/
Trademark Licensing	https://www.northwestern.edu/auxiliary-services/trademark-licensing/index.html
Travel, Entertainment, and Courtesy Policy	https://www.northwestern.edu/procurement/docs/travel-entertainment-policy.pdf
WildCARD Advantage Program	https://www.northwestern.edu/wildcard/services/index.html

Contacts

The following individuals can address questions regarding this policy:

Officer	Phone	Current Email
Assistant Vice President , Procurement and Payment Services	(847) 491-8121	j-konrad@northwestern.edu
Manager , Accounts Payable	(847) 491-2781	g-ernsteen@northwestern.edu
Manager , Corporate Card Program	(847) 491-5340	m-hallissey@northwestern.edu
Manager , Vendor File Management	(847) 491-5338	e-gladic@northwestern.edu
Manager , Logistics	(847) 467-7473	reginald.lee@northwestern.edu
Director , Service Delivery and Special Projects	(847) 467-6963	k-paddy@northwestern.edu
Executive Director , Accounting Services for Research and Sponsored Programs	(847) 491-4716	lashawnda.hall@northwestern.edu
Controller , Office of Financial Operations	(847) 491-4722	nicole.vanlaan@northwestern.edu

History

Origination date December 1, 2008; last amended date August 20, 2019.

Effective upon issuance, the information herein supersedes all previous Purchasing and Payment policy documentation.

Policy URL:

[Compliance, Audit & Advisory Services office to complete if policy is to be listed on the University Policy website.