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 Services. Exceptions to this requirement were discussed earlier in this manual, in the section titled Paying for Goods and Services that Do Not Require a Purchase Order. The primary method by which procurement and payment is accomplished is the purchase order process.

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 Kuali Financial System (KFS). The basic purchase order process is as follows: Unit/FTC/BSC creates requisition (REQS) ➔ requisition reviewed/approved by Procurement Services ➔ 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 FTC/BSCs. If you need to purchase something that is not in e-SHOP then contact your FTC/BSC. To get access to e-SHOP, please contact your FTC/BSC. Typically, units forward their requests for purchases of goods and services to the FTC/BSC, and then the FTC/BSC initiates a requisition in KFS.

Bid Limits
For purchases under $10,000, the unit will select the vendor of their choice (remember to utilize a preferred or contract vendor if one is available for the goods or services required). 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 bid limit is $10,000. This is the dollar amount at which Procurement Services will undertake a formal bid process prior to the issuance of a purchase order. See Section 402, Bid Solicitation and Exemptions for Details. There are circumstances under which Procurement Services may exempt an order over $10,000 from requiring a bid, for example:
• Selection of a vendor with whom a contract is already in place (e.g., Cornell Contract, Preferred Supplier Agreement, or New York State Contract)
• Fulfillment of an order can only be accomplished by a single or sole source
• Selection of a diverse vendor certified by the Small Business Administration
• Order for recycled products from a New York State certified vendor
• Catering services, hotel/event space rental, hosted events
• Human Resources recruiting services

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

<table>
<thead>
<tr>
<th>Dollar Level</th>
<th>Approval Required by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $25,000</td>
<td>Procurement Associate</td>
</tr>
<tr>
<td>Less than $100,000</td>
<td>Procurement Agent</td>
</tr>
<tr>
<td>Less than $500,000</td>
<td>Senior Director of Procurement and Payment Services</td>
</tr>
<tr>
<td>Over $500,000</td>
<td>CFO, EVP of Financial Affairs</td>
</tr>
<tr>
<td>$5 Million and over</td>
<td>Board of Trustees</td>
</tr>
</tbody>
</table>
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 (i.e., one year), estimated quantities and estimated items, etc. If a vendor is available in e-SHOP, then do not use a recurring order, place the order through e-SHOP.

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 five distinctions among standard POs:

1. e-SHOP orders - orders under $500 are automatically sent to vendor; orders greater than or equal to $500 are routed for approvals. 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 $10,000 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 Services' procurement agent.
3. Purchase Orders greater than $10,000 – these orders are routed to Procurement Services for review and approval. 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.
5. Wire payments - a PO is required prior to processing a disbursement voucher for a wire payment.
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 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/Shop Catalogs)
  - 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 Services Helpline at 607-254-5300 or procurement@cornell.edu. Additional training resources are available on the Procurement Services Web site at https://www.dfa.cornell.edu/procurement/e-shop/training.

If you do not have authorization from your FTC/BSC to access KFS but need to begin the procurement process, contact your FTC/BSC. Your FTC/BSC will use the information you provide to create a requisition in KFS. Please note that the web form does not automatically populate the KFS requisition.

Progress Payments

Cornell’s standard payment terms are Net 30 days from receipt of invoice. Other terms may be negotiated by the unit and Procurement Services. Examples of other terms include discounts for early payment or progress (milestone) payments on projects.

Acceptance 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 their 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.
Purchase Order Approval Process
All orders created in KFS begin as a requisition and become a purchase order upon approval.

- An order that was started in e-SHOP will be transferred into a KFS REQS and will require accounting codes.
- If the e-SHOP order is for less than $500, it will be automatically routed to the vendor without any additional approval process. If the e-SHOP order is for $500 or more, the order will be routed to the unit’s Financial Transaction Center (FTC) or Business Service Center (BSC) for approval before being sent to the vendor. Be sure to add account numbers so that the order can route properly.
- Orders for less than $10,000 to an existing vendor are defined as Automatic Purchases Orders (APOs). These orders are approved by the unit’s fiscal officer before being sent to the vendor.
- Orders for $10,000 or more are routed to Procurement Services for review, bid evaluation, and approval.

Procurement Services Review Process
Procurement Services will review and evaluate all requisitions promptly and will determine any 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 Services’ procurement agent.
- 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 Invoice Processing, PO Box 4040, Ithaca, NY 14852-4040. For some high volume vendors, invoices are submitted to Cornell University via eInvoicing. 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.
   - Any invoice from an order originated in e-SHOP for under $500
   - Any invoice over $5,000

PO Amendments and Cancellations
Purchase Order Amendments (POAs) are the responsibility of the FTC/BSCs. When a 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
Procurement Services is responsible for requesting quotations or proposals from suppliers at expenditure levels above $10,000 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 $10,000, the unit should contact Procurement Services. Procurement Services will assist the unit in developing specifications, identifying potential sources (vendors), and will issue all requests for bidding. During the competitive bid process, Procurement Services 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 procurement@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 the document retention policy. Procurement Services 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 $10,000 (for all fund types)
The responsible unit is encouraged to solicit competitive quotes, but it is not required. For orders using NY State appropriated funds, reasonableness of the price should be documented and maintained by the unit.

Greater than $10,000 and less than or equal to $20,000 (for all fund types)
Procurement Services will solicit from a minimum of three (3) responsible suppliers. Formal quotations will be requested only from those suppliers deemed qualified.

Greater than $20,000 (for all fund types)
Procurement Services will solicit from a minimum of five (5) responsible suppliers. Formal quotations will be requested only from those suppliers deemed qualified.
Exemptions from Bidding

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

**State Contract:**
The acquisition of goods and services from NYS 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 Services.

**Preferred Supplier Agreements:**
Procurement Services has Preferred Supplier Agreements with several vendors. These suppliers have gone through a negotiation process to establish pricing, service and terms. The agreements are established based on the University’s requirements for a particular commodity. Orders issued to a preferred supplier preclude bidding. To view the complete list, please refer to the Procurement Services web site https://www.dfa.cornell.edu/procurement/supplierlistview.

Additional information on each supplier is provided by clicking on the supplier’s name. Request a quote from the preferred supplier and enter the information on the requisition. No additional paperwork is required.

**Contract Supplier:**
Suppliers with whom Procurement Services maintains a relationship through a formalized agreement such as a request for purchase (RFP), memorandum of understanding (MOU), or other signed written agreement. 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 at https://www.dfa.cornell.edu/procurement/tools-forms/forms/source-justification. This applies to purchases over $10,000 for all funds. Additional procedures are required for NY 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.

Applies to purchases up to $10,000 for State of New York appropriated funds. For the expenditure of State of New York appropriated funds, the supplier must be certified by New York State.

**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. Applies to purchases up to $10,000 for State of New York appropriated funds. The supplier must be certified by New York State.
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. This applies to State of NY Appropriated funds if they meet NYS emergency criteria.

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.

Source (Vendor) Qualification
A college or administrative unit may submit the names of prospective bidders (i.e., bidders list). Procurement Services will identify additional bidders if necessary to comply with bid requirements. Procurement Services 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 Services. 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 NY 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 NY State appropriated funds, additional procedures and paperwork are required for RFQs over $10,000. Results may 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 make a decision 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 $10,000 for all fund types, where competition may be restricted due to a variety of reasons such as technical specifications, proprietary information, method of distributions, 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 determine that the non-competitive price was fair and reasonable.

The End User/Unit is responsible for justifying and documenting in writing, the reasons why competition may be restricted; and also is responsible for providing information which establishes the reasonableness of the price (refer to the single/sole source 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 is responsible for verifying the justification and documenting and/or supplementing the 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](https://www.dfa.cornell.edu/procurement/tools-forms/forms/source-justification).
e-SHOP

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 $500) are eligible to be routed directly to the supplier with no additional approval requirements. Purchases above $500 will route to your Financial Transaction or Business Service Center for approval, prior to being sent to the vendor.

Note: When a good or service is available through e-SHOP and is under contract pricing, then e-SHOP will be the method of procurement.

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.

Note: It is possible to create an order in e-SHOP that is greater than the formal bid limit of $10,000. Such purchases will be routed to the FTC/BSC for approval and then to Procurement Services for final approval.

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. See https://www.dfa.cornell.edu/procurement/e-shop/training for additional information on e-SHOP, including training.

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 **$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 FTC/BSC using the Kuali Security Request (KSR) doc.

3. **e-SHOP Plus User**: This e-Shop user role has a higher **$1,500 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 FTC/BSC using the Kuali 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 Services based on e-mail requests by the applicable Strategic Sourcing Agent; no KFS access is granted or needed.

**Granting or Removing e-SHOP Access**

To obtain access to e-SHOP and KFS, the end user should contact his/her FTC/BSC. It is the responsibility of the FTC/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 Kuali 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.

**FTC/BSC e-SHOP Access Process Tips**

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

- **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.

  o **Requirement:** Ad hoc route “Approve” the KSR doc to the individual’s Department/Unit Chair and the appropriate FTC/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

The Terms and Conditions of the Purchase Order give Cornell University legal protection in all procurement actions and comply with laws governing its operation. See [https://www.dfa.cornell.edu/procurement/suppliers/doing-business/terms](https://www.dfa.cornell.edu/procurement/suppliers/doing-business/terms) for the Terms and Conditions document.

Procurement Services 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 their Terms and Conditions as part of a transaction, an Procurement Services agent (who has transaction authority for the University as defined in [University Policy 4.2, Transaction Authority and Payment Approval](https://www.dfa.cornell.edu/)) 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. A listing of commonly found conflicts and recommended actions are listed below.

In the event that the supplier’s terms are more extensive than is typical, the unit should forward the requisition and accompanying paperwork to Procurement Services for review. Legal counsel will be asked for assistance as required.

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.

**Terms and Conditions Standard Modifications**

The terms below are typically found in suppliers’ terms and should be modified by Procurement Services as follows.

**COMPLETE AGREEMENT**
Where possible, the terms of Cornell’s purchase order should govern and take precedence in addition to the seller’s terms and conditions of sale. If there are particular terms the vendor cannot or will not accept then only those clauses which are in direct conflict with the terms of the sellers’ agreement should be excluded. As a last resort, each of Cornell’s terms and conditions can be compared to those of the seller and the individual terms be identified for inclusion and/or exclusion.

**CONFIDENTIALITY**
Any confidentiality or non-disclosure must be narrowly drawn. The seller/licensor must identify in writing the exact materials which are to be kept confidential and Cornell should only obligate itself to make reasonable efforts to preserve the confidentiality.

**EXPORT**
Delete any mention of the export of “technical data” or require the seller to identify for us which technical data cannot be exported (which under applicable regulations includes disclosure to students who are foreign nationals).
GOVERNING LAW
All Cornell orders should cite New York State as the governing law. If unable to agree on governing law it is preferable to be left unsaid. Cornell should not agree to the jurisdiction of any court outside of New York State, and should not agree to reduce it’s time for bringing a lawsuit under a contract.

INDEMNIFICATION
Cornell should not agree to indemnify (protect) the seller from anything beyond Cornell’s own negligent acts. Cornell may agree to defend and hold the seller harmless for our negligent acts but does not agree to pay the attorneys’ fees of any other party.

LIMITATION OF LIABILITY
Any cap on a seller’s liability should exclude any personal injury and property damage. Additionally, the cap should be adequate to protect Cornell subject to the size of the transaction. Strike any mention of direct damages.

PATENT INDEMNITY
This clause will appear in contracts involving patentable or copy writable material. Any exclusions from coverage should be specific and not allowed to be broad. Allowable exclusions are:

• when infringement results from Cornell use of product in ways other than those specified in sellers instructions or publications
• when infringement results from Cornell’s use of the product with other products not supplied by the seller

SHIPPING
Shipping terms should read “FOB Cornell.” This change means that the shipment is the responsibility of the seller until it reaches Cornell. Any freight claims, insurance requirements, or other shipment issues are the burden of the seller.
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 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.

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.

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. Procurement Services maintains a list of other vendors that have supplied proof of adequate insurance coverage, available at https://www.dfa.cornell.edu/procurement/buyers/insurance.

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, and that vendor does not appear on the lists of those with adequate insurance, Procurement Services should be contacted as soon as possible. Procurement Services will contact the vendor to obtain the appropriate insurance certificates and add that vendor to the appropriate list once proof of insurance has been submitted.

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

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 an exception, submit a detailed scope of work and a clear explanation of the circumstances to Risk Management and Insurance. Please be sure to include any relevant information, such as data analysis, ownership of intellectual property, and requirements/details from sponsored funds agreement. Please provide advance notice for review of the exception
request. The Cornell unit should contact Risk Management at risk_mgmt@cornell.edu or (607) 254-1575.

**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.

**Statutory Workers’ Compensation:** Insurance under the laws of the State of New York and any other laws may be applicable thereto. Coverage “B”, Employer’s Liability, must have limits of at least $100,000. This coverage is required for all vendors unless they are exempt under the laws of New York State, or other applicable jurisdiction. Coverage from other States may be substituted by individuals who are residents of other states but working on a temporary basis in New York. Individuals providing services on harbor fronts or over the water should provide proof of US Longshoremen and Harbor Workers insurance and/or Jones Act insurance.

**Commercial General Liability Insurance:** Subject to limits of at least $1,000,000 for each occurrence or the limit carried by the vendor, whichever is higher. Coverage must be provided for bodily injury liability, broad form property damage liability, contractual liability, and products/completed operations coverage. Completed operations coverage is to be maintained for a minimum period of two years after completion of the Cornell contract. High risk activities may require higher insurance limits. Consult Cornell Risk Management and Insurance if services being provided could be considered to be high risk.

**Cornell University must be added to the vendor’s Commercial general liability Insurance policy as an “additional insured”, and evidence of such will be provided in all certificates of insurance.** The insurance shall be considered to be primary and non-contributory to all other insurance or self-insurance maintained by Cornell University, for allegations of negligence for the acts or performance of the Vendor in fulfilling the work order.

**Automobile Liability Insurance:** Subject to a combined single limit of at least $1,000,000 for each accident for bodily injury and property damage. Such automobile liability insurance shall be for the contractors’ owned, non-owned and hired vehicles. Cornell requires limits of $5,000,000 for any bus charter, and higher limits for aircraft or watercraft travel that is not a ticketed event (e.g., charters). Aircraft and boat charters require pre-approval from Cornell Risk Management and Insurance.

If the Merchandise or Services provided by the Vendor includes software development and/or installation; or storage, use or access to Cornell data, the Vendor shall have

**Cyber Risk Insurance:** Subject to the limit of at least $1,000,000 per claim to be maintained for the duration of this agreement and three years following its termination to respond to privacy and network security liability claims including, but not limited to:

1. Liability arising from theft, dissemination, and/or use of Cornell University Confidential Information, including, but not limited to, bank, credit card account and personally identifiable information, such as name, address, social security numbers, etc. regardless of how stored or transmitted;

2. Network security liability arising from (i) the unauthorized access to, use of, or tampering with computer systems, including hacker attacks or (ii) the inability of an authorized third party to gain access to Supplier systems and/or Cornell University data, including denial of service, unless caused by a mechanical or electrical failure;
3. Liability arising from the introduction of a computer virus into, or otherwise causing damage to, a customer’s or third person’s computer, computer system, network, or similar computer related property and the data, software, and programs thereon;
4. Crisis Management expenses (i.e. notification, public relations, reputation damage, forensics, etc.) for a data breach.

**Note:** Cyber Risk insurance is required for cloud computing services, hosting Cornell data on vendor’s servers, and providing vendor’s access to Cornell data that resides on Cornell servers.

**Other Requirements for all insurance coverage:**
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.
All commercial general liability policies should be issued on an “occurrence” basis.
The vendor must indemnify Cornell University as stated in section eleven of the Terms and Conditions of a Purchase Order.
A certificate of insurance for all policies required must be issued to Cornell University and received by Procurement Services prior to any work commencing under any contract subject to these requirements.
All certificates of insurance must provide for a minimum of 30 days’ notice to Cornell University prior to the cancellation of, non-renewal of, or a change in policy terms and/or conditions.

**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.
Graphics Procurement

When purchasing printed material, units must adhere to Cornell’s Visual Identity, Style Guidelines and Logo Approval for print and novelty/promotional items.

Cornell Visual Identity website http://www.cornell.edu/identity/

Cornell Logo website http://www.sao.cornell.edu/SO/logo.php

The Office of Publications and Marketing is responsible for overseeing the university’s visual identity for proper use of the Cornell logo and style guidelines. Publications and Marketing is staffed with writers, editors, and graphic designers who can work with you to create print and electronic communications that reflect Cornell's strategic goals. Please contact Publications and Marketing at 255-4945 to discuss your needs.

Note: Graphics purchases may be paid for via pcard (for orders over $500, contact your FTC/BSC); however, you will not have the ability to track this purchase for future reprints. Purchase order is the preferred vehicle for payment for Graphics if there is the potential for a future reprint. When hiring a photographer (other than University Photography), use a PO to ensure that Cornell owns all of the images upon completion.

Cornell Photography http://imagelibrary.photo.cornell.edu/ website link:
  • Purchase Cornell Images

Cornell Digital Print Services http://www.cbsdscornell.edu/ website link:
  • Cost-effective, high quality copy & digital color printing
End User/Unit/FTC/BSC Relations

Purpose: Communication between the End User/Unit/FTC/BSC (Requisitioner) and Procurement Services (Procurement Agent) is a mutual responsibility.

The End User/Unit/FTC/BSC Requisitioner shall 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

The Procurement Services' Agent shall:

- Maintain a current list of commodity assignments on the Procurement Services' 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 with the aid of University Counsel's Office and Cornell Office of Risk Management and Insurance, respectively, that arise in the source of contract and purchase order negotiations
- 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 Services. 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.
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:**

**Energy Star Standards:**
  - Select the product type
    - Select the specifications tab
    - Utilize the product criteria link for the Energy Star Standards