

F. INSURANCE REQUIREMENTS

Northwestern has established minimum contractor's liability insurance requirements. Vendors that do business with the University are expected to meet these minimum requirements, which can be viewed on the [Risk Management website](#). Risk Management must review and approve any exceptions to the standard insurance requirements of the University.

G. PROCESSING PURCHASING TRANSACTIONS

The purchase of most goods and services from outside vendors is to begin with the initiation of a Requisition in NUFinancials. **This shall occur at the time the product or service needs to be ordered, not when it is time to pay for the product or service.** A Requisition ID begins with the prefix REQ. A fully approved and budget checked Requisition is then automatically sourced into a Purchase Order that begins with the prefix PUR during normal batch processing (no manual intervention by PRS is necessary in most cases). The official Purchase Order is then sent to the vendor. This process occurs multiple times per day, and once the sourcing process runs, all purchase orders are then almost immediately dispatched to the vendors. This eliminates the need and perceived benefits associated with phone orders and blanket orders. The system provides an appropriate audit trail since all transactions are captured in the system specific to each individual purchase, putting the University in the best position to pay for purchases in a timely manner.

Starting with a Requisition ensures that an approved and official Purchase Order is issued. An official Purchase Order is the legal document that governs the transaction and properly protects the department/school and University. The terms and conditions specify each party's rights and obligations. Generally, a contract's terms and conditions are called into question only when a dispute arises. However, as the dollar amount of a transaction or the level of risk in the activity (such as potential for injury) increases, so does the likelihood for major disputes and, thus, the need to be appropriately protected.

Verbal purchases (i.e. phone orders) are not considered valid by the University, nor are purchase orders generated through internal department/school systems or means other than NUFinancials. Departments/schools that use these means to initiate purchases with outside vendors assume responsibility for such purchases at their own risk.

Departments/schools are also expected to follow all associated policies from the [Office of the Vice President for Research](#), when applicable.

H. BID PROCESS

If there is no Preferred Vendor for the product or service needed or a Preferred Vendor does not meet the needs of the department/school, the University requires that bids be solicited from at least three vendors for all purchases of \$25,000 or more (please note that while bids are required for purchases of \$25,000 or more, it is recommended that bids be solicited for purchases of \$5,000 or more).

Departments/schools must consider annual or total multi-year spend for products or services needed on a regular or repetitive basis to determine whether a bid needs to be performed. It is not determined by the average monthly spend for a particular product or service (i.e. just because the monthly spend on a particular item may be less than \$25,000 does not exempt the department/school from having to solicit bids).

In addition, departments/schools should generally plan to have established contracts re-bid at least every three to five years. Some contracts can be longer, primarily those that require a significant on campus investment by the vendor.

The best way to determine which vendor a particular department/school should do business with is to make that decision based on a competitive solicitation among potential suppliers. It is a good business practice to make award decisions based on a best value evaluation. To do this, the department/school should consider a variety of factors in addition to price, such as delivery capabilities, quality, past performance, training, reporting capabilities, compliance with