

In 2019, university policies related to university purchases (formerly FIN-PUR-01 through FIN-PUR-35) were updated and consolidated into FIN-PURCH-01 through FIN-PURCH-14. The History section of this policy contains complete information on where the topics covered by each FIN-PUR policy can be found in FIN-PURCH. A few FIN-PUR policies have been rescinded or converted into Standard Operating Procedures, and the History section contains that information as well.

Purchasing Ethics

FIN-PURCH-09

About This Policy

Effective Dates:

03-12-2019

Last Updated:

03-12-2019

Responsible University Administrator:

Executive Vice President for Finance and Administration

Policy Contact:

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Scope

All Indiana University units and employees as well as all other individual(s) responsible for the expenditure of university funds or those who influence or affect the decision to purchase products or services, regardless of the procurement mechanism employed.

Policy Statement

- A. All university personnel authorized to conduct purchasing activities and influence or affect the process or outcome of any expenditures shall adhere to the highest degree of ethical standards. No employee authorized to conduct purchasing activities shall engage in or permit any illegal or improper purchasing practice. Further, any employee having knowledge of any questionable procurement practices shall immediately report this knowledge to the Associate Vice President of Procurement Services. Engaging in or permitting unethical or illegal conduct constitutes grounds for disciplinary action up to and including denied or restricted access to solicitation responses and other purchasing information, termination of employment and/or criminal prosecution.
- B. Indiana University requires that all professional purchasing employees, fiscal officers and their delegates authorized to conduct purchasing activities adhere to the principles and standards promulgated by the National Association of Educational Procurement (NAEP) Code of Ethics in order to promote public confidence in the integrity of the university and protect the university's reputation. However, adherence to the NAEP Code of Ethics listed below does not supersede the expectation and obligation that all university employees are to operate and make purchasing decisions based upon procurement contracts that have been negotiated to provide for an enhanced overall value to the university and are enforced by University Procurement Services.
- C. The NAEP Code of Ethics is as follows:
 - Give first consideration to the objectives and policies of my institution.
 - Strive to obtain the maximum value for each dollar of expenditure.
 - Decline personal gifts or gratuities.
 - Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.

- Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
- Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.
- Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.
- Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier; and/or be willing to submit any major controversies to arbitration or other third party review, insofar as the established policies of my institution permit.
- Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
- Cooperate with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods.
- Foster fair, ethical and legal trade practices.
- Counsel and cooperate with NAEP members and promote a spirit of unity and a keen interest in professional growth among them.

Reason For Policy

All university faculty and staff engaged in the decision-making process or in a position to influence or affect the decision to purchase products or services must apply the highest standards of integrity and personal conduct. This policy is meant to prevent unethical behavior in purchasing transactions. Examples of such behavior may include but are not limited to:

- Contracts or transactions where an employee attempts to influence a purchasing decision because of an undisclosed relationship an employee has with a particular supplier;
- Sharing pricing provided by a supplier with a competitor;
- Personal gain from a university business transaction.

Procedure

- A. The development of a complete and transparent audit trail, compliance with the university's solicitation requirements, and completion of Conflict of Interest and Disclosure Statements are all a part of the ethical transparency required by the university and this policy.
- B. The Purchasing Department must develop and maintain an adequate audit trail for every transaction that creates financial obligation for the university. ([FIN-PURCH-01](#); [FIN-PURCH-03](#)). An audit trail for a transaction must cover that transaction from its beginning to its end and must illustrate how the procurement process was handled, who was involved, what decisions were made and how, and why a supplier was selected to provide goods or services.
- C. Conflicts of interest, disclosure statements, and gifts and gratuities are governed by the [Conflicts of Interest and Commitment Policy, UA-17](#).

Sanctions

Failure to follow appropriate policies and procedures regarding the use of university funds and resources or in obligating the university to financial or legal transactions could put the university in financial and legal risk. Sanctions for failure to comply could result in disciplinary actions up to and including employee termination. Violation of state statutes could result in civil or criminal penalty.

Additional Contacts

Office of Procurement Services		Purchasing, P-card, AP, and SDM Support Form
Baris Kiyar, Associate Vice President for Procurement		bkiyar@iu.edu

History

In 2019, university policies related to university purchases (formerly FIN-PUR-01 through FIN-PUR-35) were updated and consolidated into FIN-PURCH-01 through FIN-PURCH-14. The university purchasing policies related to conflicts of interest and commitment were updated and consolidated into UA-17.

FIN-PURCH-01 consolidates and updates:

[FIN-PUR-1.0 \(Purchasing Authority\)](#)

[FIN-PUR-1.1 \(Exceptions to Purchasing Authority\)](#)

[FIN-PUR-1.2 \(Delegation of Purchasing Authority\)](#)

[Portions of FIN-PUR-2.0 \(State and Federal Statutes and Regulations\)](#)

[FIN-PUR 4.0 \(Responsibilities in Acquisition Process\)](#)

[FIN-PUR-16.0 \(Transactions Utilizing the Pre-Disbursement Processor\).](#)

FIN-PURCH-02 updates and rennumbers [FIN-PUR-20.0 \(University Procurement Contracts\)](#).

FIN-PURCH-03 consolidates and updates:

[FIN-PUR-5.0 \(Competition\)](#)

[FIN-PUR-5.1 \(Development of Vendor List\)](#)

[FIN-PUR-5.2 \(Use of Other Recognized Sources as Basis of Award\)](#)

[FIN-PUR-5.3 \(Negotiation\)](#)

[FIN-PUR-5.4 \(Emergency Situations\)](#)

[FIN-PUR-5.5 \(Purchase Order Award Criteria\)](#)

[FIN-PUR-5.7 \(Documentation\)](#)

[FIN-PUR-12.0 \(Board of Trustee Reporting\)](#)

Portions of [FIN-PUR-18.0 \(Auctions and Reverse Auctions\)](#).

FIN-PURCH-04 updates and rennumbers [FIN-PUR-5.6 \(Single-Source Orders\)](#)

FIN-PURCH-05 consolidates and updates:

[FIN-PUR-3.5 \(Purchases for Employees\)](#)

[FIN-PUR-10.0 \(Restricted Purchases\).](#)

FIN-PURCH-06 updates and rennumbers [FIN-PUR-7.0 \(Prepayment of Orders\)](#).

FIN-PURCH-07 is a new policy.

FIN-PURCH-08 updates and rennumbers [FIN-PUR-9.0 \(Furniture Purchases\)](#)

FIN-PURCH-09 consolidates and updates

[FIN-PUR-3.0 \(Purchasing Ethics\)](#)

[FIN-PUR-3.1 \(NAEP Code of Ethics\)](#).

FIN-PURCH-10 updates and renumbers [FIN-PUR-11 \(Release of Procurement Information\)](#).

FIN-PURCH-11 consolidates and updates:

[FIN-PUR-14.0 \(Disposal and Redistribution of University Property\)](#)

[FIN-PUR-14.1 \(Sale of Computing Equipment\)](#)

[Portions of FIN-PUR-18.0 \(Auctions and Reverse Auctions\)](#).

FIN-PURCH-12 updates and renumbers [FIN-PUR-21.0 \(Non-Solicitation on Campus\)](#)

FIN-PURCH-13 updates [FIN-PUR-13 \(Purchases from Historically Underutilized Suppliers\)](#)

FIN-PURCH-14 consolidates and updates:

[FIN-PUR-10.1 \(Protection of Old Growth Forests\)](#)

[FIN-PUR-19.0 \(Procurement of Appliances and Electronics\)](#).

Specific to purchasing policies, [UA-17 \(Conflicts of Interest and Commitment\)](#) consolidates and updates:

[FIN-PUR-3.0 \(Purchasing Ethics\)](#)

[FIN-PUR-3.3 \(State Conflict of Interest for Procurement Transactions\)](#)

[FIN-PUR-3.4 \(Gifts and Gratuities\)](#)

The following FIN-PUR policies were rescinded or converted into Standard Operating Procedures as follows:

[FIN-PUR-6.0 \(Common Construction Wage\)](#) was rescinded.

[FIN-PUR-8.0 \(Endorsement\)](#) was rescinded.

[FIN-PUR-15.0 \(Strategic Alliances\)](#) was converted into a Standard Operating Procedure.

[FIN-PUR-17 \(Procurement for Off-Shore University Activities\)](#) was converted into a Standard Operating Procedure.

Post-2019 History

The policy's additional contact information was updated on March 27, 2023 and May 1, 2023.