

**Rule 3-100E: Restricted Purchases and Special Procurement.** Revision #1. Effective date: April 12, 2022

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**I. Purpose and Scope**

A. Purpose.

This rule implements Policy 3-100 and outlines rules, including prohibitions, Special Approvals, limitations, and restrictions, governing the purchasing and control of specific categories of Supplies and Services.

B. Scope.

This rule is binding for all University colleges, departments, and units, including University of Utah Hospitals & Clinics.

**II. Definitions**

The definitions provided in Policy 3-100 apply for this rule.

**III. Rule**

A. Prohibited Procurements.

1. The use of University funds to procure Supplies or Services for personal use is prohibited as outlined in Rule R3-010B. This prohibition does not include employee recognitions, which are outlined in Rule R3-011A.
2. Alcoholic beverages may not be acquired with state appropriated funds.

B. Procurements that Require Special Approvals

1. Except as described below, the University may not pay for a purchase before the goods or Services are received (prepayment) unless the director of purchasing determines it is necessary or beneficial. The director of purchasing shall document the determination in writing. The following list of prepayment circumstances do not require the director of purchasing's written authorization.

- a. Prepayment for software licensing as a service or software licensing for one year or less.
  - b. Prepayment for software maintenance for one year or less.
  - c. Prepayment for travel abroad expenses when required by the vendor.
  - d. Prepayments below the Single Procurement Threshold for venue reservations for large group events when required by the vendor.
  - e. Prepayments below the Single Procurement Threshold for catering events when required by the vendor.
  - f. Prepayment for guest lecturers, performers, entertainers, and convocations when required by the vendor.
  - g. Prepayment for insurance.
2. Organizational or association memberships paid from University funds may be procured only if necessary to meet program needs or to secure other benefits for the University, and must contribute to the University's mission. Memberships that include a charitable donation to associations or private organizations must meet the criteria of Section III. B.12. Memberships may not be purchased on grants or contracts unless allowed by the award. New memberships must be approved by the cognizant vice president, dean, or director, or in the case of University of Utah Hospitals & Clinics personnel, memberships will be reviewed annually as part of the annual budget process.
  3. Requisitions for nonstandard furnishings, office equipment, and accessories require the authorizing signature of the cognizant vice president, or of the chief financial officer or designee. In the case of University of Utah Hospitals & Clinics, these types of Requisitions will be identified and considered for approval through the operating and capital budgeting processes.
  4. Fleet Services shall administratively manage ownership, Procurement, maintenance, licensing and disposal of vehicles. (see [Policy 3-215](#))

5. Printing and Mailing Equipment

- a. University and UUHC Organizational Units other than Print & Mail Services are not authorized to procure, Lease, or operate high speed printing, or mailing equipment without prior written approval of the cognizant dean or director and the chief financial officer or designee.
- b. Such authorization will normally be granted only if:
  - i. the proposed equipment can be justified by significantly lower overall Organizational Unit operating costs than would be incurred if the printing/copying/mailing were done by Print & Mail Services;
  - ii. there is a reasonable expectation that the identified needs and cost justification will continue over the time period used to amortize the cost of the proposed equipment; and
  - iii. the loss of volume to Print & Mail Services resulting from Organizational Unit operation of related equipment will not jeopardize the ability of Print & Mail Services to provide Services to other Organizational Units on a self-supporting basis.
- c. Justifying cost-effectiveness, Organizational Unit operating costs shall include compensation and fringe benefits of employees involved in providing the service, amortization and maintenance costs of equipment, costs of all Supplies and materials used, cost of space to house equipment, and a pro rata share of the general and administrative expense of the Organizational Unit.
- d. Printing, High Speed Printers/Copiers, digital press, and mailing equipment procured and operated by University and UUHC Organizational Units other than Print & Mail Services ordinarily shall not be used to perform work for other Organizational Units, because Print & Mail Services has been established for that purpose. Any exceptions, other than minor work aggregating less than \$100 in monthly revenue,

must have prior written approval of the cognizant dean(s) or director(s), and the chief financial officer.

- e. Non-University owned or operated printing, copying, and mailing Services may be used by Organizational Units when justified by demonstrated lower costs or by service requirements that cannot be met by Print & Mail Services. Such Services must be obtained in accordance with applicable University Procurement regulations.
  - f. Non-University entities are not authorized to establish printing, duplicating, or mailing facilities or Services at the University or UUHC without the prior written approval of the chief financial officer.
6. All Construction work (as defined in Policy 3-100) shall be administered as provided for in Policy 3-205. Other alterations and repairs to existing facilities must have the prior approval of the University organization Responsible for maintaining that facility such as U Facilities, Hospital Facilities and Engineering, Auxiliary Services, and the Facilities group within Housing and Residential Education. These alterations and repairs include, but are not limited to changes, connections or additions in utility systems, air conditioning, heating, electrical, plumbing, air, gas, interior decorating, painting, floor coverings, window coverings and systems furnishings. Major equipment installations requiring utilities connections or other requirements, such as cooling, etc., need prior approval from U Facilities. When applicable, work described in this paragraph will also involve review and approval by the U Facilities University Building Official (the authority having jurisdiction for enforcing building codes).
7. All residential and commercial grade refrigerators and freezers procured by the University must be Energy Star rated, excluding low temperature (-20°C to -30°C) and ultra-low temperature (<-30°C) laboratory grade freezers.
- a. An Organizational Unit that seeks an exception to this requirement shall submit a request to Facilities Sustainability & Energy.

- b. The chief financial officer may grant an exception to this requirement after considering the recommendations of Facilities Sustainability & Energy.
        - c. In the case of University of Utah Hospitals & Clinics, Requisitions for commercial grade refrigerators and freezers will be identified and considered for approval via the capital budgeting process.
8. Purchase of intra-departmental radio communications and licensing, including purchases by University of Utah Hospitals & Clinics, require the approval of Facilities Management or the chief financial officer or designee.
  - a. Purchasers of intra-departmental radio communications and licensing shall seek common communications platforms for integration purposes. (see [Policy 3-235](#)).
9. The Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires that security of protected health information of individuals comply with applicable federal and state confidentiality and security laws. Contact the University Information and Security Office or email the Governance, Risk & Compliance team if any potential purchase transactions with Suppliers (including delegated small purchases) have the potential to impact the security of private health information.
10. IT Software Purchases.
  - a. All new software purchases, regardless of Procurement method or dollar value, are subject to the requirements as detailed in Rule R4-050A. UIT approval is not required for existing software maintenance or existing software subscription renewals.
11. Information Technology Hardware Purchases
  - a. All purchases of IT-related hardware and data encryption requirements, regardless of Procurement method or dollar value, are subject to the requirements and limits as detailed within University Rule 4-004C.

12. Donations to charitable, scientific, or educational organizations are only permissible if:
  - a. the organization has a 501c(3) status with the Internal Revenue Service or is an equivalent nonprofit organization;
  - b. the mission of the organization is consistent with that of the University;
  - c. the money donated is from a permitted source and not from state, federal, or other restricted funds; and
  - d. is no more than \$1,000.
13. Exceptions from the above guidelines require the signed written approval of the cognizant vice president or designee.
14. In the case of donations from University of Utah Hospitals & Clinics, these types of donations require the review and approval of the director of community engagement for all University of Utah Hospitals & Clinics.
15. Lease or Lease-purchase of Procurement items.
  - a. This rule applies to leasing Procurement items and does not apply to the Lease of real property , which is described in Policy 3-110. An Organizational Unit shall follow the process described in this rule when leasing Procurement items in place of the process described in Policy 3-110.
  - b. An Organizational Unit may not Lease a Procurement item unless the Organizational Unit complies with the requirements of this rule.
  - c. An Organizational Unit may not Lease a Procurement item unless:
    - i. The director of purchasing determines it is in the best interest of the Organizational Unit to Lease the Procurement item after receiving a written summary from the Organizational Unit containing the following:
      1. The Organizational Unit has investigated alternate means of obtaining the Procurement item; and

2. The Organizational Unit has considered the costs and benefits of the alternate means of obtaining the Procurement item.
  - ii. The Procurement item(s) and Lease are awarded through a standard Procurement process, or an exception to a standard Procurement process, such as a Sole Source.
  - iii. The Lease complies with all other provisions of law or rule applicable to the Lease; and
  - iv. The Lease is signed by the chief financial officer.
- d. When funded through federal grants or contracts, an acquisition of capital equipment through a Lease purchase plan requires the prior written approval of the funding agency and the vice president for research.
- e. The chief financial officer shall keep a complete file of all equipment Leases entered into by the University.
- f. University of Utah Hospitals & Clinics shall not enter into Leases for equipment except as approved.
- g. University of Utah Hospitals & Clinics may not enter into a Lease for Procurement item(s) except as approved by the University of Utah Hospitals & Clinics chief financial officer.

C. Procurement Funded by Research Grants and Contracts

1. Requisitions calling for expenditures to be funded by grants or contracts for capital equipment or remodeling of facilities are subject to review by Grants & Contract Accounting to ensure only allowable Procurement based upon the terms of the grant or contract.
2. Requisitions calling for capital equipment not specifically authorized by the grant or contract will not be processed until approval is obtained from the granting agency.



3. A Requisition for capital equipment will not be processed if the Requisition is dated 30 days or less prior to the project ending date, unless the Requisition is accompanied by documentation, approved by the vice president for research, or designee, demonstrating that Procurement of such equipment is necessary to achieve the objectives of the contract or grant.
  4. A Requisition for either Supplies or equipment will not be processed if it appears probable that the Requisitioned items will not be received by the University within a reasonable period of time prior to the project ending date.
  5. All federally funded Procurements must comply with applicable federal purchasing procedures, regulations, terms, and conditions. Purchases based on single price quotations must meet price reasonableness/cost analysis criteria prior to award. Questions regarding these regulations should be directed to the Purchasing Department.
  6. Memberships in organizations and associations as described in Section III.B.2 may not be purchased with grant and contract funds unless allowed by the awards.
- D. Procurements Subject to Special Limitations, Restrictions, or Procedures
1. Narcotics and Controlled Substances
    - a. Requisitions for narcotics and controlled substances must be accompanied by a properly completed Drug Enforcement Administration order form (DEA License or DEA License with DEA Form 222C). UUHC is exempt from this restriction and shall adhere to UUHC procedures.
    - b. Individuals using form DEA 222C must be registered with the State of Utah Department of Business Regulations and with the U.S. Drug Enforcement Administration. DEA Form 222C is used for DEA controlled substances (classified as CI and CII). Purchases of CI and CII controlled substances must be accompanied with both a DEA controlled substances license and form 222C. Controlled substances scheduled as III, IV, and V

require a controlled substances license. UUHC is exempt from this restriction and shall adhere to UUHC procedures.

## 2. Tax-Free Alcohol

- a. Organizational Units shall request Procurement of tax-free alcohol from University of Utah General Stores via their webpage, [www.store.utah.edu](http://www.store.utah.edu), or UShop's Internal Supplier Form: Ethyl Alcohol Order Form.
  - i. Each tax-free ethyl alcohol delivery will arrive with a Tax-Free Alcohol Report form. The Organizational Unit is Responsible for completing and submitting the Tax-Free Alcohol Report form when ready to reorder or cease the use of tax-free ethyl alcohol.
  - ii. The Tax-Free Alcohol Report form must be kept current by each Organizational Unit using tax-free ethyl alcohol.
  - iii. With each usage of tax-free ethyl alcohol, the user shall record: the quantity issued, date, user's name, and balance on hand.
  - iv. The Tax-Free Alcohol Report record must balance with existing stock.
  - v. As the existing supply of ethyl alcohol reaches the appropriate reorder point, additional alcohol may be reordered by sending the completed Tax-Free Alcohol Report form to General Stores and, also, submitting a corresponding order request.
- b. The University permit to use tax-free ethyl alcohol currently limits such use to the following purposes:
  - i. preserving specimens;
  - ii. experimental, research, and laboratory work for scientific purposes;
  - iii. the preparation of laboratory and medical solutions;
  - iv. hospital chemical use;

- v. medical treatment of patients
  - vi. compounding medicines for use of patients in the hospitals.
  - c. The use of tax-free ethyl alcohol for purposes other than those defined in paragraph (c) is prohibited, and violation is subject to federal law. Organizational Units requiring tax-free ethyl alcohol for use other than authorized above should contact the Purchasing Department.
  - d. Organizational Unit alcohol records and alcohol on hand are subject to federal audit by the Internal Revenue Service.
3. Items Imported from a Foreign Country
- a. Import items must be procured through a standard University purchase request form as all matters pertaining to customs are handled by the Purchasing Department.
    - i. Organizational Units shall forward all documents concerning foreign orders (customs declarations, customs invoices, shipping papers, shipping notices, etc.) to the Purchasing Department.
    - ii. Limited import purchases below \$1,000 such as conference registrations and publications that do not require customs clearance may be purchased on a PCard. (see [Rule 3-100D](#)). In the case of University of Utah Hospitals & Clinics, the University of Utah Hospitals & Clinics Purchasing Department shall manage import items through the UUHC Purchasing Department.
  - b. Most foreign purchases are subject to customs clearance and possible duty charges. The University has engaged the Services of a professional customs broker to provide assistance in clearing foreign shipments. All correspondence or contact with this broker must be made through the Purchasing Department.
  - c. Organizational Units Requisitioning import items should include estimated customs duties and freight charges in estimating the cost of the items

Requisitioned. Exact customs duties on import items cannot be determined until the items have cleared customs. Information relating to customs and procedures applicable to customs clearance may be obtained from the Purchasing Department.

- d. Some research grants and contracts prohibit the purchase of import items. Before submitting a purchase request for imported items, the Organizational Unit must determine that no such restriction is found in any grant or contract to which the cost of Procurement is to be charged in whole or in part.

#### 4. Procurement of Export Restricted Items

- a. Export regulations apply to the export of items to foreign countries AND to access to controlled items by foreign nationals in the United States (“deemed export”).
- b. Organizational Units procuring items subject to export control restrictions are Responsible for recognizing the item as subject to export control and for identifying the applicable United States Munitions List (USML) classifications or Export Control Classification Number (ECCN). Selling entities should be able to provide assistance in identifying the USML classification or ECCN for their product(s).
  - i. Organizational Units should review item descriptions and inquire regarding applicable export control status and comply with Policy 7-007.
- c. Organizational Units procuring items subject to export control restrictions shall obtain approval from the vice president for research prior to the Procurement.
- d. Organizational Units procuring items subject to export control restrictions shall implement a technology control plan to ensure compliance with export control regulations.

- e. Organizational Units may receive assistance with the requirements of this section from the University's export control officer.

5. Radioactive Materials and Radiation-Generating Equipment

- a. Radioactive material and radiation-generating equipment must be Requisitioned with the standard University purchase request form. In the case of University of Utah Hospitals & Clinics, the UUHC Purchasing Department shall manage purchases of radioactive material and radiation-generating equipment. Items b. through d. apply to the University.
- b. Requisitions for these purchases require prior approval from the radiation safety officer (Environmental Health and Safety/Radiation Safety). The Organizational Unit requesting the materials or equipment shall initiate this request for approval.
- c. Whenever required, applications for licenses or other approval forms from the Department of Energy (DOE) will be initiated and processed by the radiation safety officer (Environmental Health and Safety/Radiation Safety).
- d. Questions regarding licensing requirements relating to radioactive materials should be directed to the radiation safety officer (Environmental Health and Safety/Radiation Safety).

6. Research Animals, Birds, Fish and Amphibians

- a. Requisitions for the purchase of these research subjects require the approval of the Office of Comparative Medicine. The purchase request and Animal Request Form shall be sent to the Office of Comparative Medicine for approval. The Animal Request Form can be obtained from the Office of Comparative Medicine.
- b. Select species of research birds and animals require written certification of disease-free status on import into the State of Utah. The director of the

Office of Comparative Medicine is Responsible to perform this inspection and furnish such certification to the State of Utah Division of Wildlife Resources.

- c. Questions regarding this procedure should be directed to the Office of Comparative Medicine.

## 7. Compressed Gases

- a. Bottled gases are restricted due to the compressed nature of the cylinder. This restriction covers small disposable as well as large metal cylinders.
- b. Common gases and gas mixtures excluding propane must be ordered through General Stores to track demurrage and compressed gases locations and to ensure compliance. The University of Utah Hospitals & Clinics Purchasing Department shall manage the purchase of gases for use at University of Utah Hospitals & Clinics.

## 8. Recruitment Advertising

- a. Faculty Positions: Requests for Procurement of advertising for recruitment of paid faculty positions must be Requisitioned with the standard University Requisition form and include the job posting number. Faculty recruitment Requisitions require a vice president's approval. Questions regarding this process should be directed to the Purchasing Department.

- b. Staff Positions:

- i. Requests for on-line recruitment advertising of staff positions should be sent to the Human Resources Department and questions directed to the Human Resources Department.

- 1. In the case of University of Utah Hospitals & Clinics, the University of Utah Hospitals & Clinics Human Resources Department shall manage advertisement requests for staff positions.

- ii. Requests for all other advertising for recruitment of staff positions must be Requisitioned with a standard University Requisition form and a purchase order will be issued by the Purchasing Department. Staff position Requisitions should reference the job posting number. In the case of staff positions with University of Utah Hospitals & Clinics, such types of advertising and recruitment requests shall be managed jointly through the University of Utah Hospitals & Clinics Human Resources Department and the University of Utah Hospitals & Clinics Purchasing Department.

#### 9. Medical Devices

- a. Organizational Units purchasing medical devices, including radiation emitting electronic products, must comply with applicable United States regulations and must meet applicable FDA regulations.

#### E. Items Restricted by University Contract

##### 1. Products or Merchandise with University of Utah Trademarks (both logos and word marks)

- a. All purchases must be made from a licensed Supplier. A current list of Suppliers is maintained by Auxiliary Services, Trademarks & Licenses Office.
- b. All University and UUHC artwork must be submitted to the licensing agent's system used to manage licenses, product categories, distribution channels, and artwork for review and approval by the Trademarks & Licensing Office.

#### F. Procurement of Government Property

##### 1. Surplus University Property

- a. Surplus University property is available through the University Surplus and Salvage Department. (See [Policy 3-040](#) and [3-041](#))

- b. Information regarding the availability of surplus property may be obtained from the Surplus and Salvage Department.

2. Excess Federal Property

- a. Excess federal government property may be available at little or no cost for use on federal government contracts or grants. Information regarding such items may be obtained from the Property Accounting Department.

- G. Procurement of Vending Services

1. Student Affairs Contract Administration is Responsible to provide or contract for all vending Services and equipment to employees, students and visitors on campus and at other University controlled buildings, except as outlined below:

- a. The director of the A. Ray Olpin University Union is Responsible for video and other amusement machines and dispensers of personal hygiene products located in the Olpin Union.
- b. The director of Housing & Residential Education is Responsible for coin or credit card operated washers and dryers, stamp machines, video and other amusement machines, and dispensers of personal hygiene products located in the residence halls.
- c. The director of the University Student Apartments is Responsible for coin or credit card operated washers and dryers and dispensers of personal hygiene products located in the University Student Apartments.
- d. Nutrition Care Services at University of Utah Hospitals & Clinics are Responsible for vending operations at all of their locations.

2. Without prior written approval from Student Affairs Contract Administration and the cognizant dean/vice president, Organizational Units other than Student Affairs Contract Administration and those specifically exempted in this rule may not:



- a. Purchase, Lease, or operate vending machines.
  - b. Negotiate or contract with non-University vending operators for vending Services.
3. Student Affairs Contract Administration may, under unusual and special circumstances, delegate responsibility for a vending machine to an Organizational Unit.
- a. A written agreement must outline the specific responsibilities of each party.
  - b. Cash, sales, and inventory must be accounted for in accordance with all applicable University regulations.
- H. Requests for Vending Services
1. Requests for vending Services, except those referred to in paragraph G., shall be submitted to the manager of Student Affairs Contract Administration for review and response.
- I. New Locations and Remodeling of Existing Locations – Vending Requirements
1. For planned new Construction projects or remodeling, the director of Campus Planning, in cooperation with Student Affairs Contract Administration, Safety Services and the organization Responsible for maintaining the facility, shall evaluate the location, size, safety, and ease of maintenance of the planned space for vending service.
    - a. If the new Construction is in locations operated by departments identified in Section III G. 1. a-d, the Responsible manager shall be involved in evaluation and planning for vending service(s).
    - b. This requirement does not apply to a University of Utah Hospitals & Clinics Construction project or remodel.
  2. Vending machines shall be installed in compliance with all applicable building, fire, safety, and other codes and regulations.

## J. Maintenance and Repair of Vending Machines

1. Student Affairs Contract Administration shall be Responsible for all maintenance and repair of vending machines, except those managed by University of Utah Hospitals & Clinics.

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### *IV—VII Regulations Resource Information.*

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*\*\*User Note: Parts IV-VII of this Regulation (and all other University Regulations) are Regulations Resource Information – the contents of which are not approved by the Academic Senate or Board of Trustees, and are to be updated from time to time as determined appropriate by the cognizant Policy Officer and the Institutional Policy Committee, as per Policy 1-001 and Rule 1-001.\*\**

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## **IV. Policies, Rules, Procedures, Guidelines, Forms and other Related Resources**

### A. Policies/ Rules

1. Policy 3-100 University Procurement
2. R3-010B, Unlawful Personal Use Expenditures
3. R3-011A, Meals/Incentive Awards/Flower/Retirement Gifts
4. R3-100B, Solicitation of Bids, Approved Vendor List, Proposals, Sole Source, and Procurement Contracts
5. R3-100D, Delegated Small Purchase Authority
6. R4-004C, Data Classification and Encryption
7. R4-050B, University Software Acquisition Approval

### B. Procedures

### C. Guidelines

### D. Forms

1. Animal Request Form
2. DEA Form 222 C
3. Ethyl Alcohol Order Form

### E. Other Related Resources.

1. The following website provides information on the DEA's policies, including the use of proper DEA licensing;

<https://www.deadiversion.usdoj.gov/drugreg/>

## V. References

- A. [Policy 3-003](#), Authorizations and Approvals Required for Financial Transactions
- B. [Policy 3-031](#), Recruitment and Entertainment Expense Reimbursement Policy
- C. [Policy 3-040](#), Property Accounting
- D. [Policy 3-041](#), Accountability for Noncapital Equipment
- E. [Policy 3-100](#), University Purchasing
- F. Policy 3-205, Remodeling and Construction
- G. [Policy 3-215](#), University Motor Vehicles
- H. [Policy 3-235](#), Campus Intradepartmental Radio Communications and Licensing

## VI. Contacts

The designated contact officials for this Regulation are:

- A. Policy Owner (primary point of contact for questions): Director of Procurement
- B. Policy Officers: Chief Financial Officer

See University Rule 1-001 for information about the roles and authority of policy owners and policy officers.

## VII. History

Renumbering

Revision History.

- A. Current version. Revision 1.

1. Approved by -- Academic Senate April 4, 2022, and Board of Trustees April 12, 2022, with effective date of April 12, 2022.

2. Legislative History for current version.
  3. Editorial Revisions: *[reserved]*
- B. Past versions.
1. Revision 0
    - a. Legislative History for Revision 0

OUTDATED