



PERMANENT MEMORANDUM 81

Supplier Engagement

POLICY DIGEST

Monitoring Unit: Office of Finance & Administration

Initially Issued: October 1, 2019

Last Revised: September 9, 2024

I. PURPOSE

Permanent Memorandum 81 establishes the University's policy pertaining to the inclusion of certified Historically Underutilized Businesses (HUBs) in the acquisition of goods and services, including contract administration, for all LSU institutions and affiliated organizations.

II. DEFINITIONS

Academic/Research Enterprise Resource Planning (ERP) Entities: Collective term referencing the campuses using a shared system for business operational needs. These campuses include LSU A&M, LSU at Alexandria, LSU at Eunice, LSU at Shreveport, LSU Agricultural Center and extension offices, Pennington Biomedical Research Center.

Affiliated Organization: Alumni associations, foundations, and other private, nonprofit organizations that raise private funds for the support of LSU and/or provide other assistance to LSU in support of its mission. Such organizations will typically have an executed Uniform Affiliation Agreement with LSU.

Certified: Qualified independent third-party screening process recognized by federal, state and/or local government agencies.

Contracts: All types of university agreements; sponsored agreements including but not limited to purchase orders, for the procurement or disposal of goods and services and the generation of revenue for the university by the use of university facilities, personnel or services.

Employee: All University employment relationships including faculty, other academic, unclassified, classified, student and others.

Financial Interest: Income, honoraria or other payment for services (such as payment for consulting), equity (such as stock, stock options or other ownership interests, and royalties).

Goods: All property including but not limited to equipment, materials, supplies, insurance, license agreements for software and leases on real property; excludes a permanent interest in land.

Health Sciences Enterprise Resource Planning (ERP) Entities: Collective term referencing the campuses using a shared system for business operational needs. These institutions include LSU Health Sciences Center – New Orleans, LSU Health Sciences Center – Shreveport, and the LSU Healthcare Services Division.

Historically Underutilized Businesses (HUBs): A for profit, U.S. privately held corporation, sole proprietorship, partnership or joint venture in which 51% of the stock, shares and/or equity are owned and operated by one or more persons who are U.S. citizens and are members of the following groups: women; minority (Black, Asian/Pacific Islander, Asian Indian, Hispanic and Native American); veteran; or person with a disability. Additionally, HUB also includes small business as defined by U.S. Small Business Administration (SBA) standards and/or emerging businesses.

Procurement: the process by which the ownership or use of goods or services are acquired. Procurement includes but is not limited to description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration. Procurement oversight is not intended to substitute for management decisions or to supersede technical expertise provided by faculty and staff in other professional fields.

Relative: Per the Louisiana Code of Governmental Ethics and for the purposes of this policy, “relative” shall mean immediate family to include children, spouses of children, brothers, sisters, spouses of brothers and sisters, parents, spouse, and the parents of a spouse.

Services: the furnishing of labor, time, or effort by a vendor which may involve, to a lesser degree, the delivery or supply of a product, incidental to the required performance. Services include consulting, operating, professional, and specialty services.

Supplier: a vendor or seller of goods or services.

Tier 1 Supplier: a vendor that is directly contracted to provide goods and services that support the operations of a LSU institution or affiliated organization.

Tier 2 Supplier: a vendor that provides the tier 1 supplier with a good or service that is to be provided to a LSU institution or affiliated organization.

III. GENERAL POLICY

LSU’s Supplier Engagement Program (SEP) shall disseminate operational policies and procedures; provide training opportunities; and work collaboratively across all LSU campuses and affiliated organizations to support the application of best business practices and to promote the pursuit of excellence, while maintaining the highest possible integrity, broad based competition, fair and equal treatment of the historically underutilized business community, and increased economies and efficiencies for the University.

To the extent permissible by law, the University will utilize all methods possible to actively seek historically underutilized businesses, increase the number of business opportunities for HUBs while at the same time, maintaining procedural integrity in providing fair and open access for all suppliers. The goal of this initiative is to identify, align, strengthen and connect with Louisiana’s small business community.

IV. SUPPLIER ENGAGEMENT PROGRAM REQUIREMENTS

A. Supplier Database

Academic/Research ERP Entities: Historically Underutilized Businesses must enroll as a supplier in the supplier database managed by LSU's Office of Procurement. The onboarding of suppliers, maintenance of the supplier record, and addition of supplier business ownership classifications are under the oversight of the supplier engagement staff who will ensure database accuracy. Suppliers should provide certification documentation verifying their status as a HUB in the enrollment application.

Health Sciences ERP Entities: Historically Underutilized Businesses must enroll as a supplier in the supplier database managed by the LSU Health Science Center's (HSC) purchasing office, respective to the campus in which a supplier wants to register. HSC purchasing office oversees the onboarding of suppliers, maintenance of the supplier record, and addition of business ownership classifications in their database. Suppliers should provide certification documentation verifying their status as a HUB in the enrollment process. The purchasing staff will work closely with the supplier engagement staff to ensure database accuracy.

B. Eligibility for Supplier Engagement

Businesses seeking the designation of HUB must have proven ownership through a recognized independent third-party certifying agency and may be requested to provide further proof by supplier engagement staff.

HUBs must hold one or more certifications from a recognized certifying agency to be eligible to participate in the University's Supplier Engagement Program. The list of recognized certifying agencies is determined by the Executive Vice President for Finance & Administration according to best practices nationally and posted on the Supplier Engagement Program website.

V. SOLICITATION REQUIREMENTS

Bids, whether formal or informal, shall be solicited from HUBs whenever possible using the University's supplier database or other identified suppliers. The minimum number of HUB suppliers to be solicited varies based on the dollar amount and/or complexity of the purchase. HUB solicitation requirements are defined in the procedures by solicitation type as released by the Office of Procurement. Health Sciences ERP entities must adopt similar procedures to ensure compliance.

Informal competitive solicitations are emailed directly to the bidders list.

Formal competitive solicitations or public notices thereof, issued by the University are electronically posted on the State of Louisiana Procurement and Contract Network (LaPAC). This website is administered by the Louisiana Division of Administration, Office of State Procurement. Notice of the solicitation posting is disseminated via email to those registered to receive notifications from LaPAC.

VI. CONTRACTUAL TERMS

University bid documentation shall include language regarding the University's commitment to supplier engagement, provide details of the engagement program, and reporting requirements when applicable.

Major contracts as determined by the Executive Vice President for Finance & Administration shall include requirements for suppliers to provide the University reports as negotiated in the contract detailing their Tier 1 spend if they are a HUB supplier and/or Tier 2 spend with HUB suppliers.

VII. AFFILIATE AGREEMENTS/CONTRACTS

The supplier engagement staff will work closely with the University's affiliated organizations to ensure that the University's supplier engagement initiatives and procedures are incorporated in those organizations' standard operating procedures to the fullest extent possible.

VIII. REPORTING

- A. LSU institutions and LSU affiliated organizations shall submit semi-annual reports of contracts and procurement spend with HUB suppliers to the supplier engagement staff. Reports should identify Tier 1 and Tier 2 spend.
- B. All Supplier Engagement Program reporting shall adhere to standards and requirements as defined by the Executive Vice President for Finance & Administration.

IX. COMPLIANCE/AUDIT

The Supplier Engagement Program shall be available for audit by LSU Internal Audit staff to ensure that established practices, policies, and procedures are adhered to by LSU institutions and affiliated organizations.

X. CONFLICT OF INTEREST

All parties involved in the procurement process, contract administration, or contract performance are bound to act responsibly, fairly and in good faith. Any person acting for the University in the procurement process shall be held to the highest degree of integrity, honesty and trust and shall be bound by the Louisiana Code of Governmental Ethics, LSU's financial conflicts of interest policies, the University Procurement Code, and this policy.

An employee must not be in a position to make a decision for the University in which their financial interests or professional association may be used to directly influence or affect the outcome.

The procurement of goods or services using University or sponsored funds from a privately held business, in which an employee or their relative has a financial interest or may directly benefit from such purchase, is a potential procurement conflict of interest.

Employees must not accept gifts, entertainment, meals, or travel that might directly or indirectly influence the employees' business judgements or decisions, or that might give the appearance of impropriety.

Employees must disclose any potential conflict of interest or impropriety as it relates to the relationship or activities between the employee who selected the supplier and the proposed supplier. This disclosure must be made as soon as it is identified to LSU's Office of Procurement prior to the purchase.

Disciplinary action for those violating ethical business standards will be taken in accordance with applicable University policy, up to and including the termination of employment.