

OIST Graduate University
Policies, Rules & Procedures

Authority: Approved by the President

Chapter 28. Procurement

28.1 Policy

The [Board of Governor](#) delegates significant procurement authority to the OIST Graduate University (“the University”) so that it may acquire goods, services and construction needed to carry out its goals and missions. This authority is ultimately delegated to designated procurement agents, Contracting Officers and faculty who must base their purchases on sound business practice, best value, accountability, and compliance with donor, sponsor, and regulatory requirements. Further, the University requires those who make purchases on its behalf to comply with the rules and procedures set out in this Chapter.

28.2 General Considerations

In addition to applicable law and regulation, the University’s procurement practices are driven by ethical considerations and sound business practices.

28.2.1 Ethical Conduct

Persons in charge of units or sections and their supervisors procuring goods or services on behalf of the University must comply with OIST Graduate [University Code of Conduct](#) in the course of all transactions. Examples of illegal and unethical practices include engaging in price fixing arrangements; bid rigging acts; agreements with competitors to divide or allocate markets or customers; falsifying accounting records; intentional misrepresentations to the University’s auditors; bribery and kickbacks. Misconduct of this nature is subject to disciplinary action in accordance with [Chapter 23, Misconduct & Whistleblower Protection](#) and [Chapter 38, Discipline](#).

Caution: Personal gifts or gratuities from vendors must be declined, and if received, returned to the vendors or suppliers. This and other conflict of interest and commitment concerns are addressed in detail in [Chapter 22, Avoiding Conflicts of Interest and Commitment](#).

28.2.2 Conflicts of Interest

The University expects its faculty and staff to avoid any real or potential conflict of interest when procuring goods or services on its behalf. For additional information, refer to [our Code of Conduct](#) and [our Conflicts of Interest & Commitment policy](#).

28.2.3 Unauthorized Purchases

Persons in charge of units or sections must not make unauthorized purchases, that is, those that are not in compliance with any aspect of this or other the University policy. Such purposes include improper bidding, making commitments for payments without proper authorization, and making false inspection records. Because unauthorized purchases increase legal and financial risks for the University, persons in charge of units and sections or their supervisors making such purchases may be held personally liable and/or subject to [disciplinary action](#).

28.2.4 Business Purpose

Persons in charge of units or sections and their supervisors must not make purchases that are not for an approved business purpose (Examples of items not for an approved business purpose: [\[link: \]](#)) (See [Appendix 28.A](#). Non exhaustive list of purchases approved for business purpose [\[link: \]](#)). Procurement of goods or services for personal use is strictly prohibited, as is the use of University discounts or its tax-exempt status. The point service, which accumulates points through purchase of business purpose and enables to receive discount or item, is

recommended to use for the business purpose transactions in the next time or after. Procurement for the purposes of resale must be made in accordance with the requirements of this Chapter. See also [Chapter 21, Use of University Resources](#).

28.2.5 Disclosure of Contract Information

According to [Stipulation on Contract Management](#), the University discloses the following information regarding past and future procurements on [its website](#).

- Negotiated contracts of more than 5 million JPY: the University discloses the contracts and the reasons for selecting that contractor.
- Construction contracts: the University discloses fiscal year construction forecasts, bidding and contract execution processes, and similar relevant information.

28.3 Rules

The University must comply with the laws and regulations of Japan governing its operation. Additionally, persons in charge of units and sections and their supervisors making purchases on behalf of the University must adhere to the specific practices set out in this Chapter concerning soliciting, purchasing, and paying for goods, services and construction with University funds.

28.3.1 Procurement Agents

Vendor selection and approval must be managed by an authorized agent of the University. The University's procurement agents must identify the best, most qualified and/or suitable vendor to meet the needs of the University, while complying with all applicable laws and regulations.

Only the Procurement and Supplies section and the facility related sections may purchase goods, services and construction. However, in situations where the amount of purchase is less than 0.5 million JPY per order, persons in charge of units or sections other than the

Procurement and Supplies section and the sections under the supervision of Vice President for Buildings & Facility Management (the facility related sections) can purchase from vendors when they procure goods and services. When units or sections procure goods, services and construction, the prior subject to approval of [Budget holder](#) is necessary regardless of the amount. For placing an order, only an official authorized purchase order form by the University should be used.

28.3.1.1 Approval on budget holder's behalf

When the amount of purchase is less than 0.5 million JPY, budget holder may allow a certain individual to approve procurement of goods and services on ERP system on his/her behalf. In this case, the budget holder must specify the scope, reason, and time limit by submitting 【Application for approval on budget holder's behalf regarding the procurement of goods & services】 [\[link:\]](#) to the System Administrator of the ERP System. Although the said individual may approve the procurement above on ERP system on behalf of the budget holder, the authority and responsibility for the procurement is not delegated to the individual but remains at the budget holder. The individual who approves on budget holder's behalf must not approve the purchase requests which are made by himself/herself (prohibition of self-approval).

28.3.2 Vendor Selection

In principle, selection of vendors by competitive bidding (tender) or other competitive procedures is required. However, in situations where the purchase does not exceed 0.5 million JPY, the units and sections may proceed to vendor selection at their own discretion while maintaining economic efficiency and fairness. In case that the purchase does not exceed 5.0 million JPY, the Procurement and Supplies section and the facility related sections may proceed using one of the following

competitive procedures

- Estimation of price (0.5 million JPY less than 1.0 million JPY): the University approved vendors.
- Estimation of price (1.0 million JPY less than 3.0 million JPY): best value comparative analysis between more than 2 vendors or more.
- Estimation of price (3.0 million JPY less than 5.0 million JPY): best value comparative analysis based on the official quotations submitted by 2 vendors or more.

The University can conclude contracts more than 5.0 million JPY without competitive bidding (tender) procedures subject to approval of the Procurement Committee in the following cases:

- One vendor only will be able to provide goods, services or construction, therefore making irrelevant competitive procedures. This exception must be made by the Procurement Committee on the basis of justification including specification and terms and conditions of the goods, services or construction. The Committee decision is disclosed on the University website.
- Procurement in emergency situations
- Others stipulated in the [Contract Management Stipulations](#), Article 31

The Procurement and Supplies Section and the facility related sections must obtain approval of the approver specified by the [PRP26.9 Appendices Table](#) and “[Guidelines for Document based Approval Process](#)” with the justification for the vendor selection, terms and conditions, and the other necessary information.

Making the intentional split order for adjusting the transaction amount, for the purpose of avoiding best value comparative analysis and tender, or of manipulating total amount to be less than 0.5 million JPY, is not acceptable.

28.3.2.1 Preparation of Specification document

The University prepares specification document that specifies the contents and duties clearly, to communicate the contents of the contract with vendor to ensure the fulfilment of the contract.

The University must obtain the estimation of price after providing vendors with the specification document. However, when the purchase does not exceed 1.5 million JPY and the University is able to specify the contents of the contract clearly without specification documents, the preparation of specification document may be omitted.

The specification document must contain the constitution, demanded performances, delivery date, delivery site, method of acceptance and inspection, documents (deliverables), warranty, and the other necessary terms and conditions for the transactions.

In cases of the purchase of research equipment which exceeds 50 million JPY or of Enterprise Systems, the specification documents must be prepared in compliance with the [Bidding and Committees procedures](#).

28.3.3 Bidding Process

The University will engage in competitive bidding in a manner that creates a fair, open, and competitive environment for qualified vendors, and that secures the best value possible. Methods of competitive bidding are tender, comprehensive evaluation bidding and other competitive bidding.

Criterion for determination of successful bidders is the lowest price bid or the most economically advantageous bid.

28.3.4 Relationships with Suppliers

The University will maintain the highest standards of business ethics and

conduct when interacting with suppliers. The employees of the University will build an appropriately competitive environment, considering local and small businesses, social minorities and environmentally preferred practices. Persons in charge of units or sections request Procurement and Supplies Section for credit check and approval through web portal [link:] when starting transactions with new vendor.

28.3.5 Authority for Purchases and Contracts

The Board of Governors has delegated transaction authority for procurement to various individuals within the University. Only these individuals are permitted to carry out such delegated transactions. These individuals must follow the requirements of the policy governing transaction authority in carrying out such delegated transactions.

Unless delegated (see below), the Procurement and Supplies section and the facility related sections are authorized and responsible for:

- Negotiating all procurement terms and conditions;
- Committing funds on behalf of the University to procure and pay for goods, services or construction, including equipment; and
- Approving the execution of all purchases of goods, services and construction

28.3.5.1 Delegation of Purchasing and Contract Authority

The Procurement and Supplies section may further delegate that authority to certain individuals for particular transactions related to their functional responsibilities. Procurement delegations must comply with the requirements of OIST Graduate University [PRP Chapter 2.6](#) and must be approved by a Vice President at a level above the employee seeking to delegate

procurement authority.

The delegation must contain the specifics of the delegation, including the scope, reason, and time limit for the delegation.

- The Procurement and Supplies section must review the delegation annually to assess the need for continuation of the agreement and whether any modifications or other alignment is needed.
- Failure of a person in charge of unit and section and their supervisor to follow University policy may result in withdrawal of the delegated authority.

28.3.6 Independent Contractors

An independent contractor is an individual or entity engaged to perform services, mainly as a consultant. Such service providers including independent contractors are not employees of the University and thus not managed by University employees.

The University must use an “Independent Contractor Agreement (ICA)” [\[link: \]](#) when receiving services from independent contractor. Before services commence, the ICA contract must be signed by both the independent contractor and the University’s representative or the Senior Level Executives with the appropriate level of contract authority. The language of the agreement cannot be changed without agreement by the Procurement and Supplies section.

28.3.7 International Procurement

The University procures goods, services and construction from overseas based on best value if the procurement costs including indirect costs such as shipping charge, tariff, etc. are cheaper than domestic procurement taking maintenance after the procurement into consideration. When the University procures from new overseas vendors, it must screen

qualifications for the vendors. The University does not authorize full payment in advance to the vendors not having the required qualifications.

28.3.8 Payment Methods

The University uses bank transfers by invoice after delivery as its primary payment method. However, if bank transfer is not possible, a corporate credit card may be used for a transaction in accordance with [PRP 26.3.7](#). The University may use advance payment methods for vendors for construction, international procurement, and other situations stipulated in [PRP 26.3.1.27](#). Such vendors must meet all screening qualifications.

28.3.9 Blanket Purchase Orders

If individual frequently needs specific supplies or services from the same supplier, the Procurement and Supplies section may establish a “blanket” purchase order. “Blanket” purchase orders are established for varying periods within a fiscal year in principle, and allow the individual to order directly from the supplier without obtaining quotations each time. This category includes contract for unit price agreement, and basic contract agreement for continuous transaction.

28.3.9.1 Multi-year contracts and multi-year valid vendor selection.

The Procurement and Supplies section and the facility related sections can conclude multi-year contracts according to its property and purpose. However, it is stipulated separately about necessary requisitions for multi-year contract[link:].

In addition, the Procurement and Supplies section and the facility related sections can accomplish vendor selection by multi-year valid conditions or procedures. At concluding of contract via such selection method, the Procurement and Supplies section and the facility related sections shall take appropriate actions by necessity like

regularly review for succession of contract etc.

28.3.10 Receipt and Inspection of Deliveries

The Receiving & Inspection Center must confirm receipt of procured goods and services at the time they are delivered to the University. If the Receiving & Inspection Center cannot confirm receipt due to a lack of relevant knowledge or expertise related to the delivered goods and services, or confirming the receipt of delivery is difficult at the Receiving & Inspection Center, the Procurement and Supplies section may delegate the confirmation of receipt to staff having appropriate expertise.

The confirmation of receipt may be substituted by receipt of packing invoice or photograph when procured goods are delivered to off-campus. Procurement & Supplies section also confirms the performance of specialized services such as development of databases, programs, digital contents etc., by deliverables or service completion report.

Receiving & Inspection Center staff receives all the packages delivered to Receiving & Inspection Center . To confirm the receipt of procured goods and services, Receiving & Inspection Center staff may open the delivered packages without permission of the recipient on the waybill.[\[link : DFA site\]](#)

Persons in charge of each purchasing unit or section shall inspect the performance of delivered goods and services, and record it eligibly. Staff of Receipt & Inspection Center may witness the performance inspection. Persons in charge of each purchasing unit or section shall keep records of receipt and inspection on file, and submit the records as necessary.

28.3.11 Emergency Purchase

When an emergency situation occurs, an authorized procurement agent may make a commitment to a vendor without a formal purchase order.

Such transactions would include, for example, an unanticipated and sudden life-threatening or catastrophic event.

Simple urgent matters and/or lack of time for required procurement procedure are not considered as appropriate reasons in this article.

28.3.12 Record Retention

The Budget Section, the Accounting Section, the Procurement and Supplies section and the facility related sections must maintain records of procurement and disbursement transactions routed to their respective Offices. See also [Chapter 12, Document and Record Management](#).

28.3.13 Correction of order

Persons in charge of units or sections shall reissue an official purchase order form when modification or correction on the content of original order is needed.

If modification or correction is needed on the cases which purchasing units, sections or individuals have made a purchase request to the Procurement and Supplies Section or the facility related sections, the requesters should notify the sections in charge of purchase order immediately.

28.4 Responsibilities

All employees who are related in procurement have the following responsibilities:

- Understand and comply with rules related to procurement.
- Select most appropriate method of procurement from the viewpoint of economic efficiency and fairness.
- Conduct proper procurement and purchase request.
- Obtain approval specified by the rules prior to the procurement.
- Inspect the deliverables and related documents with the Receiving & Inspection Center on delivery of goods and completion of services.

The budget holders have the following responsibilities:

- Be responsible for appropriate execution of transaction and appropriate use of University's funds. Especially, check the contents of the transactions and budget for the purchase requests from persons in charge of units or sections.
- Approve the requests after checking if the requests are complying with the rules for procurement. Take responsibility if he/she approves unauthorized purchases and purchases not for an approved business purposes.

The Procurement and Supplies section and the facility related sections have the following responsibilities:

- Provide information and be a resource to the University on procurement-related matters;
- Negotiate procurement terms and conditions, and issue contracts with external suppliers based upon price and best value;
- Contractually commit the University to procure and pay for goods, service or construction, as appropriate;
- Approve the execution of all purchases, where authority has not been delegated;
- Establish procedures for documenting delegated procurement methods in accordance with applicable regulations;
- Maintain and communicate updated procedural documentation in the University Financial Operating Procedures;
- Maintain records of procurement transactions as required by law and by University policy; and
- Communicate procurement policy and procedure changes to stakeholders, including persons in charge of units or sections, customers, and suppliers, as needed.
- Receiving & Inspection Center must confirm receipt of procured goods and services, and delivery of orders.
- The University collects a document from the suppliers who have certain transaction amount or more pledging that they have no objection if the

University imposes sanction including suspension of transactions when they are involved in misconduct.

28.5 Procedures

28.5.1 Purchasing procedures

For details on the purchasing procedures, please see the University Division of Financial Management Website, the Operation Workflow page (Purchase) [\[link: \]](#) .

28.5.2 Bidding and Committees procedures

The followings are the procedures for bidding and related committees.

- a. [Contract Management Stipulations](#)
- b. [Procurement Committee Stipulations](#)
- c. [Detailed Stipulations for Competitive Bidding \(Planning Competition\)](#)
- d. [Detailed Stipulations on the Procurement of Large-scaled Equipment\)](#)
- e. [Detailed Stipulations for Investigations of Lowest Bidders](#)
- f. [Detailed Stipulations for Contract Review Committee](#)
- g. [Contract Review Committee Operating Guideline](#)
- h. [Establishment of the Competitive Bidding Participants Qualifications Examination Committee](#)
- i. [Establishment of the Fair Bidding Investigation Committee](#)
- j. [Establishment of the Construction Consultant Selection Committee](#)
- k. [Establishment of the OGVM Examination Committee concerning Facilities Construction and Maintenance Works](#)
- l. [Establishment of the OGVM Examination Committee concerning Procurement for Goods and Services](#)
- m. [Handling of Contract Management in Cost-on Method](#)
- n. [Qualified Bidder Identification Implementation Guideline](#)

- o. [Small Amount Qualified Vendor Identification Implementation Guideline](#)
- p. [Specification formulation of Enterprise Systems](#)
- q. [Stipulations for Multi-year contracts and multi-year vendor selection](#)
- r. Detailed Stipulations on Priority Review for Adoption of PPP/PFI Methods [\[link:\]](#)

28.6 Forms

Independent Contractor Agreement (ICA)

28.7 Contacts

28.7.1 Policy Owner

Vice President for Financial Management

28.7.2 Other Contacts

Procurement and supplies section

28.8 Definitions

Agreement	See “contract” definition.
best value	This concept is to select the contractor who provides the most valuable service to the buyer. This is not only for acquisition of lowest price, but includes philosophies of cost reduction by consideration of most appropriate conditions /specifications, economic improvement based on life-time cost and maximization of services provided through the same amount of price.
bid	A request for competitive quotation or proposal from a

	qualified vendor for the purpose of issuing a purchase order and contract for the procurement of goods, services and construction.
conflict of interest	A situation in which a member of the University community has the opportunity to influence the University's business, administrative, academic, or other decisions in ways that could lead to personal gain or advantage.
construction	Clearing, dredging, excavating, and grading of land and other activity associated with buildings, structures, or other types of real property
contract	A written, legally binding agreement between the University and an external supplier.
corporate credit card	A credit card issued and used according to the stipulation of PRP 26.3.7 .
emergency situation	The occurrence of an unanticipated and sudden situation that 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 on the University business.
goods	Tangible property for sale, lease, or rental by the University (also known as merchandise or commodity).
inappropriate split order	An act of intentionally making multiple split orders, to avoid required competitive procedure set by transaction amount.
independent contractor	A person or entity engaged to perform services mainly as a consultant. Such service providers including

	independent contractor are not supervised by University employees.
inspection	To visually confirm quantities and visible defects regarding delivered supplies or services, and to verify performance whether delivered items provide the expected features. May be used interchangeably with “acceptance check.”
Memorandum of Delegation	A formal, written record containing the terms of a transaction or agreement signed between the Procurement and Supplies section and one or more other individual(s), sections(s) or unit(s) of the University.
person in charge	An administrative staff at the University who is delegated significant procurement authority for the acquisition of goods, services and construction from external sources on behalf of the University.
price information	An official quotation, a reference quotation, an on-line estimation and a price list clearly written which is issued for the University.
procurement agent	An individual, a unit or a section which is part of a procurement organization at the University and has been given transaction authority by the head of the procurement function to negotiate, authorize, and execute contracts on behalf of the University.
purchase order	A legally binding order for purchase issued by the University to the vendor.
service	An activity in which labor is the major factor and not merely incidental to the production, acquisition, and/or delivery of a good.

spend	An act of using funds to purchase goods, services or construction, or the funds spent by a person in charge, a unit or a section through its procurement processes.
supplier	See “vendor” definition.
transaction authority	The authority to execute transactions or agreements with external parties that commit the University
undelivered	<p>"Undelivered" is the status that the inspection of ordered goods and services have not been completed by due date.</p> <p>Undelivered" status is also assigned following cases. –</p> <ul style="list-style-type: none"> -The delivery has not been completed by the budget expiration date, including scenarios where such as contract extension was granted. -The goods and services were delivered, yet the inspection could not be completed due to defects and/or missing parts and compensation, substitution or restoration was not provided despite a request from the University.
unit and section	A organizational level whose manager is delegated significant procurement authority for the acquisition of goods and services from external sources on the University behalf. In this chapter this category includes divisions and offices in certain instances.
vendor	An individual or organization that provides specified and agreed upon goods, services and/or construction to the University. May be used interchangeably with “supplier.”
web-purchase	To purchase goods and services through vendor’s web portal. May be used interchangeably with “on-line

	purchase”.
Delegation	The Board of Governors and the Procurement and Supplies section delegate the authority and responsibility for procurement to certain individuals
Approval on budget holder’s behalf	The budget holder allows certain individuals to approve on ERP system on behalf of the budget holder. The authority and responsibility for procurement still remain at the budget holder.
Authorised Contractors	<p>Contractors which are registered with OIST procurement section and are given dedicated ongoing access to OIST resources.</p> <p>Physical access for these contractors must be requested via the facilities division, these contractors will be issued access cards as their work entails continuous and ongoing access to OIST; this category includes facilities contractors.</p> <p>Virtual access for these vendors must be made via IT, for security reasons this kind of continuous access by contractors is only granted where absolutely required, for example for 24 hour external support services of systems such as the Finance and HR systems.</p>
Registered Contractors	<p>Contractors which are registered with OIST procurement section, and are allowed to access to OIST resources when required i.e. for providing supply and maintenance services.</p> <p>Physical access must be requested through the facilities division, and entry made via the Bosai centre, temporary access cards are issued upon arrival and to be returned whenever leaving the facility.</p> <p>Virtual access to OIST resources must be requested via</p>

	IT, and access will be granted only for the time window required.
Sales or Presentation Vendors	A vendor visiting OIST for the purpose of promoting products, or presenting materials. These vendors are not paid or compensated in any way. It is the responsibility of the sponsor to ensure these vendors are escorted at all times in laboratory areas.
Personnel from staff agencies (Agency Temporary Staff)	Staff dispatched from an agency under an hourly-fee contract.

28.9 Appendix

[Appendix 28.A Non exhaustive list of purchases approved for business purpose](#)