



PERMANENT MEMORANDUM 81

Supplier Diversity Policy

POLICY DIGEST

Monitoring Unit: Office of Finance & Administration

Initially Issued: October 1, 2019

I. PURPOSE

Permanent Memorandum 81 establishes the University's policy pertaining to the inclusion of certified diverse suppliers in the acquisition of goods and services, including contract administration for all LSU campuses and affiliated organizations.

II. DEFINITIONS

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.

Chief Supplier Diversity Officer: The manager of LSU's Supplier Diversity Program or designee.

Chief Financial Officer: (CFO): LSU's Executive Vice President for Finance and Administration or designee.

Diverse Supplier: 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 members of the following groups: Woman, Minority (Black, Asian/Pacific Islander, Asian Indian, Hispanic and Native American), service disabled veteran, veteran, historically underutilized business (HUB), LBG, or person with a disability who are also U.S. citizens

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

Ownership:

For a sole proprietorship or partnership to be deemed a minority business enterprise, at least 51% of the company's assets or interests must be owned by a minority business.

For a corporation to be considered a minority business enterprise, legal and equitable ownership of at least 51% of all classes of stocks, bonds and other securities issued by the corporation must be owned by a minority person or minority persons.

Independence: Any ownership interest held by minority person subject to an option or security interest held by a non-minority person or business entity affecting the incidence of operation and control of shares in the profits of the enterprise shall not qualify as being an interest held by such minority persons.

Control: This term requires that the primary power, direct or indirect, to influence the day to-day management of a business enterprise shall rest with minority persons.

Operated: Involved in the day-to-day company decisions concerning the business operations in an active and internal capacity of the business performance.

Business Size: The firm (including its affiliates) must be a small business as defined by SBA standards.

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.

Agreements/Contracts: any written form of documentation legally obligating the parties to a particular transaction, also referred to as a contract, which includes language related to pricing, deliverables, statement of work, insurance, indemnification, rights, and responsibilities of either party.

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.

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 professional, design services, specialty, personal, social, and consulting 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 campus 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 campus or affiliated organization.

III. GENERAL POLICY

The Chief Supplier Diversity Officer 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 diverse 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 diverse suppliers, increase the number of business opportunities for diverse suppliers while at the same time, maintaining procedural integrity in providing fair and open access for all vendors. The goal of the diversity initiative is to identify, align, strengthen and connect with Louisiana's minority (MBE), disadvantaged (DBE), and women-owned (WBE) business enterprises.

IV. DIVERSE SUPPLIER PROGRAM REQUIREMENTS

A. Supplier Database

Shared Enterprise Resource Planning (ERP) Entities (LSU A&M, LSU at Alexandria, LSU at Eunice, LSU at Shreveport, LSU Agricultural Center, Pennington Biomedical Research Center): Diverse suppliers must enroll as a supplier of the University to be included in the program. The supplier database is managed by the LSU Office of Procurement Services (Procurement Services) which includes the onboarding of suppliers and maintenance of the supplier record. Suppliers should

provide certification documentation indicating their status as a diverse supplier in the enrollment process. Procurement Services will work closely with the Chief Supplier Diversity Officer to ensure database accuracy. Operational procedures regarding supplier records shall be disseminated by Procurement Services and made available via the department website.

Non-Shared ERP Entities (LSU Health Science Center at New Orleans, LSU Health Science Center at Shreveport, LSU Health Care Services Division): Diverse suppliers must enroll as a supplier of the University to be included in the program. The supplier database is managed by the LSU Health Science Center's (HSC) Departments of Purchasing (Purchasing Services) which includes the onboarding of suppliers and maintenance of the supplier record. Suppliers should provide certification documentation indicating their status as a diverse supplier in the enrollment process. Purchasing Services will work closely with the Chief Supplier Diversity Officer to ensure database accuracy. Operational procedures regarding supplier records shall be disseminated by Purchasing Services and made available via the department website.

B. Supplier Diversity Eligibility

Businesses seeking the designation of diverse supplier have proven ownership through a recognized independent third-party certifying agency and can be requested to provide further proof by the Chief Supplier Diversity Officer.

Diverse suppliers must hold one or more certifications from a recognized certifying agency to be eligible to participate in the University's Supplier Diversity Program. The list of recognized certifying agencies is determined by the Chief Supplier Diversity Officer according to best practices nationally and posted on the Supplier Diversity Program website

V. SOLICITATION REQUIREMENTS

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

Informal competitive solicitations are faxed or 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 LaPAC. The Louisiana Procurement and Contract Network website administered by the 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 diversity, provide details of the diversity program, and reporting requirements when applicable.

Major contracts as determined by the Chief Financial Officer shall include requirements for suppliers to provide the University quarterly reports detailing their Tier 1 spend if they are a diverse supplier and/or Tier 2 spend with diverse suppliers.

VII. AFFILIATE AGREEMENTS/CONTRACTS

The Chief Supplier Diversity Officer will work closely with the University's affiliated organizations to ensure that the University's supplier diversity initiatives, goals, and procedures are incorporated in those organizations' standard operating procedures to the fullest extent possible.

VIII. REPORTING

- A. LSU campuses and LSU affiliated organizations shall submit quarterly reports of contracts and procurement spend with diverse suppliers to the Chief Supplier Diversity Officer. Reports should identify Tier 1 and Tier 2 spend.
- B. All Supplier Diversity Program reporting shall adhere to standards and requirements as defined by the Chief Supplier Diversity Officer and Procurement Services.

IX. COMPLIANCE/AUDIT

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