



MOODY
GLOBAL MINISTRIES™

PURCHASING POLICY

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MOODY
GLOBAL MINISTRIES™
Purchasing Policy
Revised November 2015

PURPOSE

The purpose of this policy is to:

- Define the responsibilities of every Moody Global Ministries employee who is allowed to requisition or purchase goods and services for the Organization and its operations
- Clarify Procurement's role in granting authority or imposing limits related to purchasing processes
- Identify workflows that will maximize efficiencies and the value of funds spent
- Establish systems for accountability

Every staff member who interacts with vendors or acquires goods and services for their workgroup must comply with policies and financial controls in this document. They will be expected to maintain high biblical and moral standards¹ while making every effort to conserve and protect the physical property and environment God has entrusted to us.

¹See "Code of Ethics" at the end of this document.

OVERVIEW (Effective Procurement)

In order for Moody Global Ministries (referred to as “Moody”) to accomplish its mission, every staff member must strive for cost control and efficiency that will allow them to create and offer the highest quality products and services possible.

Effective business purchasing (aka “procurement”) is accomplished when end users engage with trained professionals (e.g., Procurement Specialists) who are equipped to source, negotiate, and implement cost-saving strategies. While each department is allocated funds in its budget, staff may not circumvent established workflows and purchase without Procurement Services involvement or oversight.

Moody’s Senior Management has tasked Procurement with identifying best sources of supply and acting as the organization’s representatives when making purchase commitments, ensuring that goods and services will be delivered at the proper time and place, in the necessary quantity, quality, and at a competitive price consistent with the needs of end users. Therefore, Procurement is the authorized control point for workflows related to sourcing, acquiring bids, negotiating final purchase agreements, coordinating contract execution, and issuing formal orders, while also facilitating receipts to stock and processing approved invoices for payment.

Procurement is also authorized to make sure employees outside officially designated purchasing groups conform to uniform best-practice purchasing methods. Consequently, staff members that spend Moody funds may not interview vendors and solicit bids; nor are they allowed to commit to any purchase unless they are part of an authorized purchasing unit, unless specifically given permission by Procurement Services beforehand, or unless otherwise permitted to do so by official policy documents or Senior Management directives (e.g., Travel & Entertainment Policy, Credit Card Policy).

DETAILS (Defining Best Practices and Moody's Standards)

Procurement Services is directed to perform key tasks on behalf of end users, assuring that they can acquire goods and services at the lowest possible total cost, considering price, service, quality, expected life of the product, and delivery requirements. These tasks include, but are not limited to:

- Actively monitoring the marketplace, looking for updated and better products, new sources of supply, and industry changes that may affect pricing, delivery, etc.
- Notifying end users of changing market conditions that may impact a purchase decision (e.g., ordering early to avoid a price increase, leveraging limited-time discounts, product being discontinued, etc.).
- Partnering with end users to interview new, prospective vendors.
- Developing and maintaining relationships with contract, preferred, and approved suppliers who have been vetted and may be accessed without having to employ formal bid procedures for every purchase.
- Shopping for end users, utilizing their list that includes specific product or model numbers, or may be based on general specs provided.
- Managing formal bids, then compiling and presenting them for analysis, along with recommendations and input that may help the end users make their final vendor or product/service selection.
- Representing the end user and Moody in final negotiations prior to contract execution.
- Acting as liaison between the end user, the selected vendor, and Moody's Legal Department during final contract review and negotiations, just prior to order execution.
- Placing direct orders with suppliers, utilizing formal POs or other methods that are more appropriate to circumstances, based on vendor type or their required ordering method (e.g., direct online order forms, credit card required, etc.).

1.00 The end user's responsibility

Identifying a need and developing product or service specifications are the end-user's responsibility. But this does not always allow them to acquire competitive quotes or commit to purchase without Procurement's prior knowledge and approval.

Before proceeding on a purchasing project, it is the end user's responsibility to be fully aware of and in conformity with Moody's Purchasing Policy. This includes, but is not limited to:

- Knowing which vendors should be solicited (e.g., being sure to include pre-qualified Preferred, Contract, or Approved suppliers who have been formally vetted by Procurement)
- Knowing dollar thresholds, as well as the numbers and types of quotes required for different purchasing situations
- Knowing when formal Requests for Quotes or Requests for Bids are mandatory
- Knowing when Procurement should be involved in the bid acquisition and purchase process, and contacting them in advance of the project start

If the end user does not clearly understand this policy, or know for sure what limits exist related to his or her ability to act independently of Procurement, then he or she must first contact Procurement for clarification of roles before starting the project.

When it is required that Procurement be involved, it's important that they be notified early and given adequate time to allow standard lead times for bidding, analysis, and order placement. At that time, Procurement will establish an appropriate workflow, and include all those who are critical to its successful completion. "Rush" jobs should be the exception.

2.00 Vendor relationships

Procurement Services develops and maintains formal relationships with a number of contract and preferred suppliers. Once these relationships are established, Procurement may choose to delegate functional responsibility for acquiring quotes and placing orders to other individuals, including end users, while retaining functional authority over purchasing workflows.

3.00 Procurement's role in RFBs and RFPs

As a rule, capital expense items are subject to formal bid processes (e.g., RFBs [Requests for Bids] or RFPs [Requests for Proposals]). Except where otherwise allowed by senior management, Procurement will coordinate and maintain formal control of capital bid workflows, including all correspondence, moderating discussions with vendors, coordinating Legal contract review after vendor selection, and issuing official order documents.

4.00 Expected behavior

Any staff member engaged in purchasing activities must treat callers, visitors, and supplier reps in a courteous, businesslike manner.

5.00 Negotiation responsibilities

All negotiations will be coordinated by or under the direction of Procurement Services staff, as authorized by Senior Management, unless officially delegated to the end user by Procurement or other Moody policy.

6.00 Obtaining competitive bids and quotes

Procurement Services will strive to ensure that, within reason, all qualified suppliers desiring to do business with Moody are given an opportunity to bid for that business in the most fair, open, and competitive process possible. This will be achieved by employing recognized best practices related to both informal and formal bidding. Competitive bids will be solicited based on the following limits and workflows:

6.01 How to acquire quotes: Generally a minimum of three quotes should be obtained for most purchases, unless buying an item or service from a designated, prequalified “Contract” or “Preferred” supplier (e.g., office supplies). If the end user is familiar with the marketplace for the needed product or service, he/she may be granted permission to acquire quotes directly. But if not, a Procurement staff member will assist. However, if roles have not been clearly defined regarding who should be responsible for purchasing the needed product or service, Procurement must be contacted first.

Quotes for low-cost items may be acquired as simply as taking a screen shot of a price from a prospective supplier’s web site, sending a quick email, or requesting that a more official document be provided by a vendor. But regardless of who acquires quotes, the person ultimately placing the order is responsible for making sure universally readable digital copies of all documents related to the purchase, including all quotes, specs, correspondence, contract documents, insurance certificates, lien waivers, etc. are attached to the purchase transaction, whether it’s in the form of a formal Oracle PO or an Oracle Credit card expense report.

6.02 The formal bid process: Particularly for capital expenses, a minimum of three *formal* bids must be obtained, unless purchasing from a sole source.² (See Appendix A.) These bids will be solicited via RFB or RFP; and while the end user will be responsible for providing detailed specifications for the product or service being requested, a Procurement staff member will develop and issue the bid documents to prospective vendors. Supplier quotes or bids must be directed back to that

² A Sole Source Justification must be completed for large purchases that are not competitively bid. See the Procurement Services web site.

Procurement staff member, who will compile and transmit them to the end user for analysis and a purchase decision. Ultimately, Procurement will coordinate final negotiations and act as liaison between the selected supplier, the end user, and Moody's Legal Department during development, negotiation and signing of formal contract agreements, or creation of formal purchase documents.

6.03 When the quote or bid processes are not necessary: Products (e.g., commodities) or services falling into the price category defined in 6.01 that are purchased on a repetitive basis may be allowed to bypass some established quote requirements. However, Procurement must make that determination in advance when the initial purchase request is made. If commodity items being purchased typically fluctuate in price on a regular basis, the purchaser should still acquire three email or online quotes, even if from "Preferred" or "Contract" suppliers, to assure that Moody is paying the most competitive price on the day of the purchase.

6.04 Consultant-managed bids and RFPs: On a large project an outside consultant may be engaged to conduct studies and make recommendations regarding the direction that project should take (e.g., an engineering firm, architectural firm, consulting organization, etc.). However, Procurement should still be involved in the research, bidding process, and vetting of the consultant. In some cases, the consultant may be asked to manage the RFP, acting as the Moody's agent in the bid process. In situations like these, it's important that end users involve Moody's Procurement and Legal Departments from the project's inception to insure that RFP and, ultimately, contract requirements conform to Moody policies as well as terms and conditions (e.g., requirements related to insurance coverage(s), lien waiver submissions, criminal background checks for workers on campus, arbitration or venue of choice if there is a legal dispute, etc.). When a bid is complete and final decision made, the end user must submit an approved purchase requisition or some kind of written authorization, with all bid documentation provided by the consultant (including all proposals and related correspondence), to Procurement. Procurement will then process the contract through the signature stage and creation of a formal purchase agreement. All documents will then be scanned and attached to an Oracle PO or credit card expense report.

7.00 Making purchase decisions and commitments to vendors

Though not ultimately responsible for final vendor choice, except where allowed by policy, Procurement Services is often tasked with representing Moody when official purchase documents are to be conveyed to a selected vendor. This is particularly true for capital purchases.

In some cases, clear organization-wide standards have been established (e.g., purchase of items like ergonomic task chairs, keyboard shelves, certain computer accessory brands and models, specific copying/printing devices, etc.).

In these situations, the end user may be limited to choices within those standards. Otherwise, the ultimate decision and responsibility for justification of price, quality, and quantity rest with the using department.

7.01 Procurement’s authority to purchase: Procurement staff are given different titles, based on their level of experience, amount of training, length of service with Moody, primary work responsibilities, etc. However, each authorized buyer, regardless of title, is allowed to make purchase commitments up to \$200,000 for Moody when all necessary approvals have been acquired as defined in the Capital Expenditure Policy and Procedure.

7.02 Requirements for purchases over \$200,000: Purchase orders exceeding \$200,000, as defined in Moody’s Capital Expenditure Policy and Procedure, must be digitally or physically signed by Moody’s Chief Financial Officer, or in his absence, the Chief Operating Officer or General Counsel.

The above authorizations are not to be confused with the budget approval process required prior to making a formal purchase commitment. (See Appendix A.)

8.00 Terms and conditions

Any purchase agreement with a supplier containing legal language (aka, “fine print,” Terms & Conditions, etc.), or requiring a signature of a Moody representative in addition to a formal Moody purchase order or credit card transaction, must first be reviewed, then stamped and initialed by an authorized Legal Department representative before a Procurement Services staff member or the end user can proceed to formally obligate Moody to the supplier.

8.01 Legal document reviews: Documents must be submitted in accordance with Moody’s Legal Department policies, procedures, and required forms, allowing sufficient lead time for review and final negotiations to take place directly between Legal Department staff and the vendor’s designated legal representative(s). Upon completion of those negotiations, a stamped copy of the final contract will be returned to the Procurement Services buyer or end user so that official signatures can be added and the purchase commitment formalized. Depending on the type of transaction, a formal PO may or may not be required.

9.00 Sole source purchasing; proprietary products and designs

In the case of specialized and/or custom-designed products or services, or where there is only one known or recognized product leader, the requirement for a competitive bid process *may* be waived. However, the rationale for this must be documented and approved by the budget owner on a Sole Source Justification form, available from the Procurement Services web site. Procurement’s management will review the submitted justification and must approve it before committing to purchase.

10.00 Partnerships with preferred suppliers

Continuity of service and partnerships with quality/preferred suppliers can be mutually beneficial and cost-effective for both Moody and its vendors. However, where normal competitive procedures are waived, the reasons must be documented, kept on file, and authorized in accordance with Section 9.00 of this document. Also, at a minimum, these arrangements must be formally reviewed no less than every three to five years with the principal stakeholders. At that time, the end user must confirm that there is an ongoing need to maintain the vendor relationship for that product or service. Then Procurement and the end user(s) must together determine that there are no new viable sources of supply, and if not, that the current supplier should retain its “preferred” status. This may include formally re-bidding and reconfirming the need for a continued business relationship (e.g., a commitment letter).

11.00 Blanket purchase agreements

Blanket purchase orders may be set up for departments needing to order products or services on a repetitive basis. These orders can be structured to set a total dollar limit, a dollar limit for each order occurrence, or both. The end user and Procurement will mutually agree on the type of product or service to be routinely purchased, as well as terms of the blanket order. The end user may then directly order only the services or products covered by that purchase order. Services, products, or dollar limits that fall outside the scope of a blanket order, even though from the same supplier, may require that a purchase requisition be submitted and separate order placed.

12.00 Contracts for services and maintenance

Contracts for services or maintenance must first be submitted to Moody’s Legal Department for review and approval, per the Legal Department’s requirements.

When Procurement manages document processing and payment, an electronic copy of each signed agreement will be archived in Oracle, either with its PO or the buyer’s Credit Card expense report. Documents for smaller contracts, processed directly by end users, are the end user’s responsibility to maintain on file (preferably in electronic format, easily retrievable by someone else in that person’s department); and the invoice should be paid by credit card if possible.

Where possible, auto-renew clauses should be eliminated on contracts in order to avoid inadvertently obligating Moody for ongoing services that may not be needed. Also, whenever feasible, agreements should be structured to expire on a fiscal-year basis; and the end user required to initiate the renewal process annually.

End users will be responsible for working directly with the vendor to terminate agreements that they processed themselves. But, for larger contracts that were processed by Procurement, the end user will need to formally notify the appropriate Procurement Specialist in writing as soon as they know services are no longer needed. Procurement will then proceed to cancel the agreement; and

when necessary, they will request that the Legal Department draft and execute a termination letter.

In any case, when an auto-renew clause has been executed, it will be the responsibility of the end user to maintain recurring reminders and annually confirm the need for the on-going contract. If determined that it's not still necessary, it will be their responsibility to trigger the formal notification process required to terminate the contract.

13.00 Cooperative purchasing

Purchasing co-ops, also known as "group purchasing organizations" (GPOs), combine the purchasing power of many customers in order to leverage higher discounts and more competitive pricing for their members.

Moody is a member of several purchasing co-ops that often produce discounts and pricing better than when a vendor is approached directly. End users must be aware of this and be sure that co-op vendors are included in quoting projects that they manage themselves. If in doubt, Procurement should be contacted before soliciting quotes.

Procurement Services is authorized to enter into cooperative purchasing agreements with other organizations where it is determined to be an advantage to Moody. Cooperative purchasing relationships are considered acceptable if reviewed by the Procurement Manager and CFO, and found to be beneficial to Moody and consistent with its policies.

14.00 Restricted and prohibited purchases

Following is a list of items that either may not be purchased with Moody funds, or must be approved as noted. This list is not all-inclusive, and good judgment should always prevail in any purchase.

14.01 Computing equipment and software: Computing equipment, including tablets and mobile devices, as well as software, must be approved by the Vice President of ITS or his/her designee and acquired in accordance with ITS policy.

14.02 Equipment affecting utility services and systems: Equipment or appliances impacting utility services, electrical circuit loads, plumbing systems, etc., such as microwave ovens, refrigerators, heaters, humidifiers, dehumidifiers, or air conditioners, must be approved, prior to purchase, by the Division Manager of Facilities or his/her designee.

14.03 Complying with Moody's established product standards: Items for which organization-wide standards have been developed must be purchased to conform to those standards (e.g., certain types of furniture, ergonomic equipment, standardized computer equipment, copiers, printers, vehicles, and some services)

14.04 Personal use items: Personal use items, such as brief cases, desk pen sets, etc., may not be purchased using Moody funds.

14.05 Restrictions on use of personal credit cards: Personal credit cards may not be used for the purchase of goods or services for Moody operations, except in emergencies when there is no other choice. See Moody's Credit Card Policy for details.

15.00 Travel and entertainment purchases

Purchases related to travel and entertainment are governed by established HR policy (e.g., the Employee Information Guide) and the Moody Travel and Entertainment Policy. Employees are expected to make purchases related to travel and entertainment within the limits of standards established in those documents.

16.00 Emergency purchases

Emergency purchases often require extraordinary measures. Whenever an emergency requiring a purchase does occur, Procurement must be notified immediately and given as much detail as possible. Every effort will be made to expedite quotes, approvals, etc. and execute the purchase as quickly and efficiently as possible.

17.00 Timely payments and maintaining supplier relationships

Procurement Services is responsible to initiate and maintain effective and professional relationships with Moody's suppliers. Consequently, collaboration with Accounts Payable is very important. AP must communicate regularly with Procurement regarding the status of invoice payments, particularly when they may be delayed beyond terms of the purchase agreement. Conversely, Procurement will notify Moody's Cash Manager, the Assistant Controller, and AP's Manager when negotiating purchase terms that are out of the ordinary and could affect cash flow.

18.00 Supplier visits and "cold calls"

When supplier reps visit a Moody facility or solicit by phone without an appointment (commonly called "cold calls") they should be directed to contact Procurement Services.

End users may directly engage with vendor reps when exploring the marketplace for a needed product or service; but when ready to officially proceed to quote and purchase, they must adhere to bid protocols described earlier in this document. This includes quoting with established Moody vendors, along with new ones that may have been identified in their research; and involving Procurement staff, as appropriate, when formal bids are required.

19.00 Return of rejected, surplus, or unwanted products

Procurement staff will negotiate the return of rejected, surplus, or unwanted products to suppliers whenever they made the purchase personally on behalf of

the end user. However, when items are purchased by the end users themselves, product return will be their responsibility.

20.00 Claims for freight damage

Freight carriers usually allow very limited timeframes when they will accept claims for damage to products that they delivered. Consequently, it is imperative that end users inspect received shipments for damage within two business days of receipt. When damage is identified, it is the end user's responsibility to file a claim within the carrier's allowed timeframe, seeking compensation for damage. If Procurement placed the order on behalf of the end user, they will furnish any required purchase documentation to aid in filing the claim.

21.00 Record-keeping and warranty claims

At some point after purchase a product may fail, making it necessary to file a warranty claim. In any case, it is always the responsibility of the end user to maintain purchase documentation for possible future warranty claims and, if necessary, file those claims for product repair or replacement. So, whenever Procurement makes a purchase on behalf of an end user, they will forward pertinent documents to the end user, who will be responsible to store them for future reference. When the end user is the one to place an order themselves, it is that much more important that they maintain easily retrievable electronic copies of documentation, including attachment of those documents to related credit card expense reports in Oracle.

While Procurement makes every effort to safely store records for purchases they make for an end user, after transmitting those records to them, Procurement cannot be held responsible for finding those records later.

22.00 Monitoring marketplace and economic conditions

Procurement's manager will monitor economic and market conditions and proactively advise Senior Management of significant changes that may affect Moody's long- and short-term business interests.

23.00 Purchasing for private individuals or non-Moody organizations

Moody staff members and organizations are not allowed to purchase for personal consumption or utilization except through Moody's normal retail operations as defined by the Controller, or as indicated on the Procurement Services' "Special Offers" web page, where Moody vendors have extended discounts for employees and students. Nor will negotiations be conducted on behalf of individuals or groups in their private capacity.

24.00 Employees as suppliers or having relationships with suppliers

Where an employee is a supplier or has a relationship with a supplier, either direct or indirect, Moody's HR and Conflict of Interest policies will apply.

24.01 Moody Board Members and supplier relationships: Where a member of the Moody Board of Trustees is a supplier, works for a supplier, or has a relationship with a supplier, either direct or indirect, Moody's

General Counsel must be notified. The General Counsel will take necessary steps to work with the Board of Trustees to gain written approval for business to be transacted with that supplier. Until this written approval is obtained, no business may be conducted with the vendor.

25.00 Voluntary cash donations or gifts in kind from suppliers

Procurement Services will work cooperatively with the Moody's Stewardship Department when suppliers, or potential suppliers, wish to donate to Moody or are to be solicited for cash donations or gifts in kind. In no case will donations or gifts in kind given in the past, present, or offered in the future be considered a factor in a purchase decision.

25.01 Soliciting suppliers for donated goods and services: If an employee or department intends to solicit a supplier for donated goods or services for any reason, they must first contact Procurement before approaching the supplier. *Guidelines for Soliciting for Event Sponsorships*, published in 2007, are posted on the Procurement web site in the "Policies" section, and will govern these types of activities. Any situation falling outside the scope of the 2007 document will be referred to the General Counsel.

26.00 Disposal of obsolete or surplus goods and equipment

When asked, Procurement Services may help end users dispose of obsolete or surplus goods and equipment, or delegate to others the authority to perform these tasks. In each case, the Controller's Office must be notified in advance to assure that disposal techniques (e.g., use of eBay, private sales, donation, disposal, etc.) don't interfere with established policies and procedures for other areas of the organization (e.g., wiping hard drives on old computers, copiers, etc.). Also, some items may need to be removed from Accounting's list of fixed assets; so the Controller must determine which cases fall into that category.

27.00 Fiscal year-end purchases

When fiscal-year end (June 30) approaches, purchases will be subject to consistent and appropriate review in terms of account charges. Goods and services received or utilized on or before June 30 will be charged to the fiscal year during which they are received. In the event a buying pattern is established that is necessary to support program efforts, but for which the rule of receipt may not be appropriate, the rule of consistency will apply. The rule of consistency considers annual buying patterns as well as the year for which the purchased items will be put in actual use. This determination will be made by the Controller's Office.

27.01 Special arrangements for year-end purchases: Special arrangements may be made to purchase in order to hold a price that would otherwise increase if ordered after the first of a new fiscal year. However, for an early purchase commitment to be made, the vendor's terms and

conditions must allow for delivery and invoicing after the beginning of the new fiscal year.

28.00 Moody's tax-exempt status

Moody is exempt from sales taxes in a number of states; and it's the responsibility of any individual making a purchase on Moody's behalf to be familiar with which states grant tax exemptions, making every effort to take advantage of them.

28.01 The purchaser's responsibility: It is the purchaser's responsibility to communicate with vendors when shipping products into a state where Moody is not exempt (e.g., Washington State). The vendor should be asked to charge the appropriate tax when presenting their invoice for payment.

28.02 Moody Tax Department's role and responsibility: If Moody is liable for tax in a state where product is being shipped, but the vendor refuses or is unable to charge sales tax, the purchaser (prior to the purchase) must contact Moody's Tax Department and receive direction from them about how the transaction should be documented and reported. Tax will then be charged back to the budget from which the purchase is made.

Following is the Code of Ethics to which members of the National Association of Educational Procurement subscribe. Moody Global Ministries is a paid member of the NAEP.

Code of Ethics

National Association of Educational Procurement

1. Give first consideration to the objectives and policies of my institution.
2. Strive to obtain the maximum value for each dollar of expenditure.
3. Decline personal gifts or gratuities.
4. Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.
5. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
6. Demand honesty in sales representation whether offered through the medium of verbal or written statement, an advertisement, or a sample of the product.
7. Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.
8. 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.
9. Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
10. Cooperate with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods.
11. Foster fair, ethical and legal trade practices.
12. Counsel and cooperate with NAEP³ members and promote a spirit of unity and a keen interest in professional growth among them.

³ Modified to "NAEP" to reflect the organization's name change.

Appendix A

Approval of Major Capital Expenditures May 2007

All capital expenditures in excess of \$100,000 must be approved by the Chief Operating Officer and Chief Financial Officer whether or not they are included in an annual Budget. If the item is an Education Expenditure, the Provost's approval will also be required.

A Capital Request document should be provided to the COO and CFO covering the following:

1. Purpose and need for the Capital Expenditure.
2. Amount needed and methods to minimize the expenditure and ensure an optimal outcome.
3. Other options considered – why is this is the best option.
4. Benefits – These might include improved mission delivery, reduced staffing or maintenance cost.

The primary purpose of this approval is to ensure strong project management of these major expenditures, not to 'second guess' the earlier budget approval. The capital projects are often not well defined when the annual budget is prepared; this process provides for higher level review when definition is achieved and the project is ready to launch.

A checklist for evaluating proposals and preparing an approval document is provided on the next page. Not all these will apply to every proposal, but the list should be reviewed and relevant items should be addressed.

Checklist for Capital Approval Proposals

Need/Objectives: Define the problems(s) you are trying to solve.

- What course of action are you recommending?
- Define the desired outcomes. By what criteria will you determine success or failure?
- Is this course of action advancing (or consistent with) the stated mission of Moody and Division?

Background Information: On what set of facts are you basing the problems/need and the solutions to the problems?

- Are there underlying assumptions on which we are basing our ideas?
- What factors are most critical to success, without which the action would fail? To what extent can you control these critical success factors?
- What are the most significant obstacles that must be overcome in order to achieve your goals?

Decision Process: What alternative course(s) of action have you considered? On what basis were they rejected?

- What may be the implications of the chosen course of action; intended and unintended; positive and negative; implications on your unit; implications on other Moody operations?
- What would be the implications of doing nothing? Is this course of action reversible? How could you exit this course of action and upon what basis would you decide to do so?

Financial Model

- What are the capital and expense costs, both current and future?
- What contingency is included for potential overruns and how are you mitigating the possibility of overruns?
- What are the projected revenues?
- What are the cash flow projections of the proposed action?
- What are the anticipated expenses beyond the existing budget?

Project Management

- Who is responsible for implementing the project?
- What are the major tasks and responsibilities?
- What are the project timeline and key milestones? How will it be kept to this timeline and what are mitigating steps to avoid delays?

Procurement Services Procedures for Capital Spending

Procurement Services has been commissioned by the CFO to actively participate in the competitive bidding process for Board-approved capital projects. Therefore, requisitions for capital expenditures submitted to Procurement for order placement should come with few surprises. Following is an overview of Procurement's procedures related to capital expenditures.

Procurement will verify that submitted capital purchase requisitions have accompanying documentation as follows:

1. Over \$100,000—written authorization from the COO and CFO (e.g., signed requisition, Capital Approval Checklist, Broadcasting Capital Approval & Decision Grid)
2. \$50,000 to \$100,000—written authorization from the CFO (primary signer) or COO (in CFO's absence ... e.g., signed requisition, Capital Approval Checklist, Broadcasting Capital Approval & Decision Grid)
3. Under \$50,000—written authorization from the budget owner for the cost center and account from which the purchase will be made.

It must be apparent that the expenditure is part of the current fiscal year's approved capital spending list. If not, Procurement will verify the appropriateness of the purchase with the Controller's Office.

If necessary, a Procurement representative will verify with the Controller's Office the approver's level of signing authority and adjustments will be made as needed.

All capital purchases must have at least 3 competitive quotes, in writing. Each quote, along with other pertinent documents (e.g., contract to accompany the PO) should be included with the requisition and Capital Approval Checklist. If a single bid is submitted, an authorized Sole Source Justification form must be included. All supporting documents will be scanned and attached to the Oracle purchase order.

Purchases requiring a signed contract or document other than a purchase order must be reviewed and signed by Moody's legal counsel.

If it's apparent to Procurement that appropriate due diligence has not been completed as prescribed by Moody policy, efforts will be made to assure that documentation is supplied, or that additional quotes are obtained prior to issuing an order.