



A Guide to Supplier Performance

Financial Management

August 1, 2020



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Doing Business with Us

The purpose of this Guide is to provide interested suppliers with a clear understanding of how to conduct business with the Pennsylvania Higher Education Assistance Agency (PHEAA), trading and doing business as (t/d/b/a) American Education Services (AES) , so that mutually beneficial goals and objectives can be achieved. PHEAA purchases many products and services as noted in the PHEAA Product and Service Needs document posted on the www.PHEAA.org website under Doing Business with PHEAA.

PHEAA

Mission:

Created in 1963 by the Pennsylvania General Assembly, the Pennsylvania Higher Education Assistance Agency (PHEAA) has evolved into one of the nation's leading student aid organizations. Today, PHEAA is a national provider of student financial aid services, serving millions of students and thousands of schools through its loan guaranty, loan servicing, financial aid processing, outreach and other student aid programs.

PHEAA's earnings are used to support its public service mission and to pay its operating costs, including administration of the PA State Grant and other state-funded student aid programs. PHEAA continues to devote its energy, resources, and imagination to developing innovative ways to ease the financial burden of higher education for students, families, schools, and taxpayers.

PHEAA conducts its student loan servicing operations nationally as FedLoan Servicing and American Education Services (AES). PHEAA operates its digital technology division as Avereo. For more information, visit www.PHEAA.org

Gifts or Favors:

PHEAA employees may not use their positions to solicit or secure any item or benefit which would not ordinarily accrue to them in the performance of their official duties, or to obligate any vendor beyond what is required to effectively conduct business with PHEAA. Employees may not accept gifts, favors or otherwise participate in any arrangements with suppliers that could provide even the semblance of a conflict of interest. For this reason, PHEAA asks that suppliers refrain from offering or attempting to bestow gifts or favors upon any PHEAA employee and/or employees, excepting those circumstances which are considered appropriate within the context of the business activity or expected outcome.

Likewise, no PHEAA employee and/or employees will knowingly provide any potential, current or former Agency supplier with gifts, favors, meals or other compensation, beyond the contracted payment terms of an authorized business agreement.

Ethics Hotline:

PHEAA employees, customers and suppliers are expected to demonstrate a high level of honesty, integrity, and ethical behavior and to exercise proper judgment in all aspects of their business dealings. Relationships with former, existing or prospective suppliers, contractors, customers, competitors, or regulators must not affect the independent and sound judgment of any employee on



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behalf of PHEAA. PHEAA employees, suppliers and customers are encouraged to promptly report any business activities that violate this policy including, without limitation, any violation of law or regulation, however minor, to the Ethics Hotline.

There are three ways in which to submit an incident to the Ethics Hotline, by telephone: 877-715-1687 or web-site submission: <https://pheaa.ethicaladvocate.com/>. Applicable complaints extend not only to actual or potential violations personal to the individual, but also to all violations known or suspected by him/her. This policy applies to acts that have already taken place, are currently taking place, or will take place in the future. The Ethics Hotline is administered by an independent third-party and all reported events will be promptly investigated with strict confidentiality. PHEAA prohibits any retaliation against any person for reporting a suspected violation or any person who assists another in doing so.

Procurement Process

The Purchasing Office is the department authorized to act on behalf of PHEAA with regard to the purchase, rental, licensing or other acquisition of products and/or services, solicitation of suppliers and/or vendor quotations, and the award and administration of contracts and agreements. Purchasing is the PHEAA designated resource for initiating contact with potential vendors and/or communicating on-going project or contractual information with external suppliers.

Purchasing strives to provide prompt and cost effective responses to PHEAA business unit needs for the procurement of quality products and/or services. Their goal is to provide value and service by building partnerships with internal customers and suppliers, and to contribute to organizational profitability. Purchasing will be both the initial and ongoing point of contact for suppliers doing business with the organization.

Contact:

PHEAA Purchasing
HQ 6C1
1200 N 7th Street
Harrisburg, PA 17102-1444

Telephone: (717) 720-2702
Email: smo@pheaa.org

New Vendors, Products, Services and Ideas

Purchasing is interested in learning about new products, services and ideas offered by current vendors, which will add value, reduce cost, improve organizational efficiency or otherwise enhance the delivery of services. Suppliers should address their correspondence to the Purchasing Department. In general, new or sample products will be accepted for review and testing only when proven to have savings potential and the endorsement of the appropriate PHEAA business units. When review or testing does occur, PHEAA will be the sole judge of the review or test results.



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Likewise, PHEAA invites inquiries from potential vendors who are qualified and capable of providing prompt, accurate and economical solutions to product and service bids. Potential suppliers are encouraged to register their interest by submitting a completed Supplier Profile Form, which describes their business and identifies the particular products and/or services provided by their firm. The Supplier Profile Form and any supplemental materials, such as marketing brochures and product catalogs, may be attached and e-mailed to PHEAA at smo@pheaa.org. Vendors should be sure to use the subject line: *"PROSPECTIVE SUPPLIER"* in order to differentiate their submission from other business e-mail.

Vendor Registration:

Purchasing will review all correspondence and create a vendor record for the suppliers that offer products and/or services compatible with PHEAA's business needs. Potential vendors will be retained in the vendor pool for two (2) years. It will be the supplier's responsibility to keep their business information current, including company name, representative, address, telephone number, and e-mail address. If, after two (2) years, a vendor has not been contacted and remains interested in doing business with PHEAA, the supplier must submit a new Supplier Profile Form in order to be re-registered as a potential vendor.

Supplier Profile Form:

Purchasing requests that all current and prospective vendors complete and submit a Supplier Profile Form, providing all relevant business contact information, TIN number(s), NAICS codes, etc. This information is necessary to do business with PHEAA; having a completed Profile on hand will help to expedite the bidding and related processes for Purchasing. A convenient link to the [Supplier Profile Form](#) is provided here.

Bid Opportunities:

Purchasing will assemble and contact a pool of registered vendors as bid opportunities arise. When available, no less than one qualified small business enterprise will be invited to participate in each bidding process. Bid requests may be formal or informal. Informal bids are requests for telephone or email quotations, while formal bids require a written response to Requests for Quotation (RFQ), Best Value Requests for Quotation (BVRFQ) or Requests for Proposal (RFP).

All bidding suppliers are required to meet the parameters of the specific bid request, including compliance with PHEAA specifications, PHEAA terms and conditions, and the timely submission of quotations. Responses received after the stated deadline will be subject to disqualification. It is important that bidding vendors clearly understand and accept all of the defined requirements for each bid prior to submitting their response.

Supplier Qualification and Performance Expectations

Suppliers are expected to deliver prompt, accurate and quality products and/or services in accordance with all requirements as agreed to with PHEAA. Each supplier is held accountable for the quality and/or performance of their respective subcontractors, service providers and/or material sources. Successful, long-term vendors have committed to building strategic partnerships with PHEAA, which result in superior value and service.



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Product Expertise:

Potential suppliers must be experienced and capable of providing the highest quality products and/or services for which they propose to do business. PHEAA seeks prompt, accurate and cost effective business solutions.

Financial Stability:

PHEAA expects its vendors to represent ethical and financially stable business enterprises. Suppliers selected to participate in competitive bidding will be required to provide financial statements to ascertain their business solvency as a condition of their participation in PHEAA bids. PHEAA reserves the right to conduct Dun & Bradstreet screenings of current and prospective suppliers to verify the soundness of its potential business partners.

Business Integrity:

Likewise, PHEAA suppliers must be ethically sound; maintaining the highest standards of integrity in the performance of all business transactions with the organization. Suppliers may not have violated any state or federal laws, regulations, or other requirements that govern contracting with an agency of the Commonwealth of Pennsylvania. Suppliers may not be under suspension or debarment by the Commonwealth, any other state, or the federal government.

Small Business Suppliers:

PHEAA supports the U.S. Small Business Administration's (SBA) Small Business Programs and development of small, diverse businesses by soliciting and awarding business to qualified small business enterprises [Small Business, Small Disadvantaged Business (SDB), Veteran-Owned Small Business (VOSB), Women-Owned Small Business (WOSB), HUBZone Small Business, and Service-Disabled Veteran-Owned Small Business (SDVOSB)], and by enlisting the participation of large vendors willing to subcontract a portion of their business. PHEAA welcomes the participation of qualified Small Business, SDB, VOSB, WOSB, HUBZone, and SDVOSB suppliers and requests that they complete and submit, to the Purchasing Department, a Supplier Profile Form. Small business suppliers should be sure to indicate any special certifications earned as a small business enterprise and to attach copies of certificates granted by the SBA, NMSDC, WBENC or other independent, third party certifying organizations.

The Procurement Process

Tax Exemption:

PHEAA was established by the Commonwealth of Pennsylvania in 1963 as a government instrumentality (24 Pa. Stat. § 5101) and is exempt from Pennsylvania Sales Tax.



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Master Mutual Non-Disclosure Agreement (NDA):

An NDA is a two-party agreement, administered by the Purchasing Office in consultation with PHEAA Legal Counsel. An NDA will be required for contracted vendors, or potential suppliers participating in a formal bidding process, when it is determined that their business with, or relationship to, PHEAA may impact security, create risk or place them in a position to receive proprietary information regarding the Agency. An NDA is intended to protect the confidentiality and interests of both parties. Active contractors will be requested to renew their NDA after 5 years. A copy may be obtained by contacting Purchasing at 717-720-2702 or SMO@pheaa.org.

Bidding Processes:

PHEAA's preference is to use a competitive bid process except for those which qualify as Sole or Preferred Source Purchases based on specific business conditions. PHEAA qualifies to participate in and purchase from Pennsylvania Commonwealth (i.e. State) Contracts. Vendors who have been awarded a State Contract should be sure to mention this.

As bid opportunities arise, Purchasing will create a vendor pool from the appropriate suppliers, registered in its vendor database, and through research or supplier websites and small business organization websites. Bid requests may be formal or informal. Informal bids are requests for telephone or fax quotations, while formal bids require a written response to Requests For Quotation (RFQ) or Requests For Proposal (RFP). It is imperative that bidding vendors clearly understand the requirements of each bid prior to submitting a response. Awarded bid responses will be made a part of any resulting procurement document(s).

Submission of Bids:

All bidding suppliers are required to abide by the parameters of the specific bid request, including the timely submission of quotations or proposals. Responses received after the stated deadline, for any reason, are subject to disqualification. In order to qualify for consideration, all bid responses must be returned to the designated Purchasing representative prior to the stated deadline, using the format defined in the bid instructions. RFQ and RFP responses must be clearly identified as quotes, referencing the appropriate bid number on the exterior of any packaging.

Procurement Document(s):

- Purchase Order (PO) – Receipt of a signed PO constitutes PHEAA's legal and binding acceptance of a vendor's quotation, and authorizes the supplier to proceed with the provision of products and/or services as specified on the face of the PO, and in accordance with the Terms and Conditions referenced.
- Procurement Card (Pcard) – PHEAA Buyers are authorized to utilize their individual Pcards to procure general products and/or services valued under \$5,000. The Purchasing department procurement card may also be utilized, as appropriate, for purchases over \$5,000.
- Service Purchase Agreement (SPA) – An SPA will be issued by PHEAA to accommodate the routine contracting of services where a prescribed scope, term and/or cost exist. The



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number of the related Purchase Order, from which payment(s) will be made, will be indicated on the SPA along with its ME Number, a unique identifier assigned to every agreement. The applicable Terms and Conditions and the Nondiscrimination Clause will be attached to the SPA along with any related documentation such as quotes, proposals or letters containing information that may be incorporated and identified on the SPA as an Exhibit or an Attachment. In order to be fully executed and legally binding, an SPA must be signed by an authorized PHEAA Signatory, an officer of the supplier's company, PHEAA's General Counsel and the Office of Attorney General, Commonwealth of PA.

- **Negotiated Agreement** – An Agreement will be executed to document the terms of a specific procurement of products and/or services. The PHEAA Nondiscrimination Clause and negotiated Terms and Conditions will be incorporated into the Agreement along with any related documentation such as quotes, proposals or letters containing information relevant to the Agreement. A Negotiated Agreement is not fully executed and legally binding until it has been signed by an authorized PHEAA Signatory, an officer of the supplier's company, PHEAA's General Counsel and the Office of Attorney General, Commonwealth of PA.
- **Master Agreement** – In order to expedite the procurement process when circumstances exist that will lead PHEAA to procure products and/or services from a specific vendor over an extended period of time, a Master Agreement will be executed. The master agreement will depict the terms and conditions that have been negotiated by the vendor and PHEAA to govern procurements during the stated term. The PHEAA Nondiscrimination Clause and negotiated Terms and Conditions will be incorporated into the Agreement along with any related documentation such as quotes, proposals or letters containing information that may be relevant to the Agreement. A Master Agreement is not fully executed and legally binding until it has been signed by an authorized PHEAA Signatory, an officer of the supplier's company, PHEAA's General Counsel and the Office of Attorney General, Commonwealth of PA.

PHEAA General Terms and Conditions

Executed Purchase Orders and SPA Agreements are governed by the PHEAA General Terms and Conditions. This document is subject to modification and as such may be identified by its dates of revision. For a copy of PHEAA's General Terms and Conditions, please contact the Purchasing Department at 717-720-2702 or SMO@pheaa.org.

Receiving and Delivery Requirements

General Shipments and Deliveries:

Shipments and deliveries made to PHEAA, at any destination, **MUST BE ADDRESSED TO THE PURCHASING BUYER** or, in rare exceptions, another authorized Agency representative, at the specific location designated on the PO. In addition, all packages **REQUIRE** that the applicable PO number be identified on the exterior of each carton and/or on an accompanying bill of lading. This includes products shipped via express mail services such as Federal Express, DHL, UPS and the United States Postal Service (USPS), local messengers or truck deliveries.



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Proper labeling of shipments and deliveries will expedite the internal PHEAA receiving and distribution processes, ensuring accurate authentication of the receipt for invoice matching and approval. All messenger or truck deliveries must be accompanied by a pack slip or bill of lading that identifies:

- 🕒 Shipment date;
- 🕒 PO number;
- 🕒 Contents by name and any assigned code(s);
- 🕒 Quantity shipped;
- 🕒 Order quantity/Back order quantity
- 🕒 Vendor from whom product is being shipped.

All parties making physical deliveries to PHEAA are responsible for assuring that the freight was not tampered with, nor compromised in any manner, while in their possession.

Deliveries or shipments arriving at the wrong PHEAA destinations will be refused; rescheduling of misdirected shipments will be the responsibility of the contracted supplier. Damaged or inaccurate shipments must be remedied prior to the approval and payment of a related invoice (see: *Invoice Requirements*).

Warehouse Deliveries:

- **Scheduling** – Warehouse deliveries must be pre-scheduled, no less than 24 hours in advance by phoning (717) 260-0763. Generally, deliveries will be accepted Monday – Friday, between 8:30 a.m. – 4:30 p.m.
- **Multiple Carton Deliveries** - All deliveries in excess of 10 cartons must be placed on skids. Cartons should be labeled as to their contents, including the assigned form code and/or PO number, whenever possible.
- **Skids** – Pallets must be 4-way measuring 40" x 48", and must be shrink-wrapped.

Invoicing Requirements for Timely, Accurate Payments

The Accounts Payable (AP) Department makes payments against valid invoices. Following the AP invoice requirements will ensure that invoices are paid in accordance with PHEAA policy.

Invoice Requirements:

AP pays invoices based on the information on the PO, SPA or Agreement and its related Terms and Conditions. The invoice should follow the PO, SPA or Agreement exactly. Unauthorized purchases may result in unpaid invoices. The PHEAA Buyer must be notified of any problems, changes or discrepancies prior to invoicing so that Purchasing can create a Change Order to correct the PO before shipment or delivery is received. Inconsistencies may result in returned invoices or delayed payments.



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Remit complete and accurate Invoices:

- Be sure to include the proper document number(s) on each invoice:
 - 🕒 Purchase Order = PO Number
 - 🕒 Service Purchase Agreement = SPANumber
 - 🕒 Negotiated Agreement = ME Number and/or PONumber
 - 🕒 Master Agreement = ME Number and/or PONumber
- Mail or send the invoice electronically to the remittance addresses indicated on the PO, and repeated below for your reference.
- Submit invoices promptly to avoid payment delays.
- For questions on the status of invoices, contact the AP department at (717) 720-2540. (Do not call the Purchasing Buyer.)

Payment Terms:

PHEAA payments are based on negotiated terms, calculated from the date an invoice is received by Accounts Payable.

Electronic Funds Transfer:

PHEAA's preferred form of payment is Electronic Funds Transfer (EFT). EFT payments can be electronically deposited directly into the supplier's designated bank account through ACH (Automated Clearing House). ACH eliminates the risks of lost or delayed checks. Each supplier is encouraged to participate in this rapid process. To establish an EFT account or to answer any questions contact Accounts Payable at (717)720-2540.

Remittance Addresses:

- Paper Invoices -
 - Accounts Payable
 - P.O. Box 2254
 - Harrisburg, PA 17105-2254
- Electronic Invoices – email to:
acctspay@pheaa.org

How Suppliers Can Add Value

- Provide information on how specifications for a product or service can be improved to provide a better-quality or longer-life product, and/or at a lower cost.



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- Suggest improvements or consideration of other product offerings to reduce cost and create efficiencies.
- Proactively discuss contract enhancements that may create a better agreement for all parties whether they are pricing, consolidation of orders, shipping, level of service, etc.
- Include the PHEAA Purchase Order number, recipient name and correct address on each shipment bill of lading or delivery pack slip.
- Prepare any warehouse deliveries on the proper sized skids and in accordance with the instructions provided in this Guide.
- Follow through on orders shipped to ensure timely delivery to PHEAA as promised.
- Track product backorders and promptly report their status to the Purchasing Buyer.
- Submit a complete invoice that exactly reflects the Purchase Order or Agreement data (item, model or code numbers, quantity, price, discounts or credits, etc.) and bears the proper document number.