

DEPAUL UNIVERSITY



Purchasing & Bidding Requirements

Category: Financial Affairs

Responsible Department: Procurement Services

Responsible Officer: Executive Vice President

Effective Date: 7/1/2017

Policy Summary

This policy outlines the requirements and responsibilities associated with making university purchases including competitive bidding, master agreements/contracts, purchase orders, vendor selection and vendor solicitations.

Scope

This policy affects the following groups of the University:

- Executive Offices
- Full-Time Staff
- Part-Time Staff
- Full-Time Faculty
- Part-Time Faculty
- Budget Managers

This policy affects those with responsibility for spending university funds, including budget managers, ProCard holders/approvers and individuals with delegated spend authority.

Policy

Overview & General Standards

University departments are allocated specific funds each fiscal year during the annual budget process for purchasing activity. Within each department, a budget manager is assigned responsibility for these funds and has the authority to make, approve and delegate purchasing transactions within the guidelines listed in this and other university policies.

Budget managers, including university officers, have the fiduciary responsibility to ensure funds are properly spent, including:

- Ensuring purchases are based on genuine need, avoiding the acquisition of unnecessary or duplicate items;
- Conducting price analyses to determine market rates, where appropriate, and to conduct purchasing transactions in a manner that maximizes competition;
- Maintaining vendor oversight to ensure that they perform in accordance with the terms, conditions, pricing (including any refunds) and specifications of their contracts/purchase orders;
- Ensuring that funds are not expended solely to utilize budget dollars.

Budget managers may delegate aspects of their purchasing authority to other university employees through the Budget Manager Delegation system in Campus Connect or through allowance of a University ProCard. While the budget manager may delegate transactional authority, they remain responsible for the budget as well as for ensuring their designees understand the approval requirements and exercise good judgment in protecting the best interests of the University.

Vendor Selection

Vendors should be selected based on their ability to successfully perform the terms and conditions of the contract or sell at a competitive price.

Procurement Services retains the primary, but not exclusive, responsibility for the selection of vendors, evaluation of costs (both for purchase and on-going costs), determination of delivery methods, and negotiation of the general terms for contracts (with input from the Office of the General Counsel).

Preferred Vendors

Whenever possible, University departments should select a preferred vendor for their purchasing needs. These vendors provide a high level of value to the University and should be utilized for most purchases. A listing can be found at the [Procurement Services](#) website.

Departmental Vendors

If a preferred vendor is unable to fulfill the requirements of the purchase, departments may select an alternate vendor. In these cases, departments should take into account factors that provide value, which may include:

- **Quality of products and/or services:** Ensure the product and/or service being purchased meets the needs of the department. Look to see if the vendor offers other value-add services that may improve the purchase. Perform reference checks where appropriate.
- **Competitive pricing:** Ensure pricing is competitive to similar vendors, including all associated costs such as shipping, warranties, fees, etc.
- **Delivery times:** Ensure the delivery time frame meets the department's needs. It may be less expensive to delay shipment or services if the purchase is not needed right away.
- **University Mission:** Ensure the company fits the university's [vendor selection philosophy](#) statement, where mission-driven, compliant, socially just and environmentally responsible are spelled out. All business needs being equal, preference should go to vendors that best fit the mission.

- **Women and Minority Owned Business:** Ensure the bidding process is competitive and inclusive, so as to provide opportunities for minority-owned, women-owned, small, disadvantaged, and veteran (and service-disabled veteran)-owned businesses to compete for the university's business.

University Resources

Departments should also check to see if the university offers internal resources at no cost or a lower cost than external vendors. See the [University Resources](#) page on the Procurement Services website for more information.

New Vendors

For any payments that will be made through Accounts Payable (including purchase orders), the vendor must be set up in PeopleSoft. This will take place by Procurement Services for requisitions or by Accounts Payable upon receipt of an invoice.

New vendors will be required to fill out applicable IRS tax forms prior to a requisition being approved or payment being made. Vendors may be subject to IRS tax withholding.

Departments are encouraged to contact Procurement or Accounts Payable early in the process to ensure vendors are set up correctly and to avoid delays. International vendors have special requirements and may take additional time to set up.

Vendor Selection for Purchases over \$25,000

For purchases or contracts over \$25,000, competitive bidding requirements apply to vendor selection, see the Purchases over \$25,000 section below for more information.

Special Purchases Processes and Prohibited Expenses

Several types of purchases have special requirements or are not allowed to be bought with university funds. See the [Prohibited and Special Purchasing Processes](#) policy for more information.

Contracts and Master Agreements

Contracts are subject to this policy as well as to the [Contract Requirements and Procedures](#) policy, which states:

A formal written contract, i.e., a document with agreed-on terms, signed by both parties, must be in place for all non-goods contracts (e.g., contracts for services, consulting, construction, licensing, etc.), unless the contract value is less than \$1,000, and all Special Risk contracts, unless authorized otherwise by OGC. A formal written contract is not required for transactions only involving the purchase of goods, provided that (a) Procurement Services' policies and procedures are followed, and (b) the transaction does not involve any issues of Special Risk.

This policy should be applied to extensions and renewals of existing contracts as if such arrangements were being negotiated and signed for the first time.

Contracts that also require a purchase order cannot be signed until given approval by Procurement Services, as changes may be necessary through the business or legal review processes. Once a

purchase order is generated and the contract signed, Procurement Services may send both documents to the vendor.

Master Agreements

A master agreement ("MA") is a special type of contract that is commonly used when utilizing a vendor to purchase goods or services multiple times over a longer period of time, but the specifics (e.g. quantity, specifications) of each order are not known up front. Combining these types of purchases under an MA may provide better leverage on pricing and other terms and as such, an MA should be used in these circumstances whenever possible.

The MA covers various general legal and business terms so that a contract does not have to be negotiated for each individual order. Typical business terms include price (by part, hour, etc.), brief description of services provided, quality of service expectations, included ancillary services (warranty, shipping, etc.) and other key terms. A quote and purchase order is then generated, referencing the MA, for specific orders that includes what specific products or services are being ordered.

All new MAs, where orders would require a purchase order, with an actual or estimated value over \$3,500 require review and approval by Procurement Services prior to execution and may be subject to the same policies and restrictions as a purchase order. If the anticipated amount of the MA is greater than \$25,000, the bidding requirements in this policy also apply.

Making Purchases with Federal Grant Funds

When purchasing goods and services with federal grant funds, special standards and procedures apply. Guidelines that promote compliance with these requirements are displayed on the [Office of Research Services website](#). These guidelines must be followed by Principal Investigators and federal grant awards and by all those involved in initiating, processing, or reviewing and approving purchases made with federal grant funds.

Purchases up to \$3,500

Departments are generally able to spend up to \$3,500 without the need for a purchase order or additional approvals, except in some circumstances, outlined below. For these types of purchases, the university ProCard is the preferred payment method.

- A contract may be required per the [Contract Requirements and Procedures](#) policy
- Certain types of purchases have special processes or may not be allowed (e.g. catering, computers, gift cards, sales tax, used equipment, etc.), see the [Prohibited and Special Purchasing Processes](#) policy for more information.

Purchases over \$3,500

In addition to the circumstances above, most purchases over \$3,500 require a requisition and approval from Procurement Services prior to the order being placed (this includes verbally authorizing orders, signed contracts, accepted proposals, etc.). In line with the [Contract Requirements and Procedures](#) policy, no person has the authority to bind DePaul to purchases over

this amount except in accordance with this policy. Purchases by individuals acting beyond the scope of their authority may be void and can result in personal liability and progressive discipline.

The \$3,500 threshold encompasses all costs that may be ordered or project work to be conducted (e.g. a \$4,500 contract with three payments of \$1,500 would require a requisition, not be sent through AP or put on a ProCard).

Certain purchases covering non-controllable expenditures such as rent, utilities, taxes, debt service, employee benefits, legal services, government pass through costs (e.g. permits), insurance providers, etc. do not require a requisition but may have other requirements. Additionally, certain vendors who bill via "flat-file" directly to the University or are otherwise exempted by Procurement Services do not require a requisition. Procurement maintains the list of PO-exempt categories and vendors.

Requisitions & Purchase Orders

When entering a requisition, detailed specifications describing the relevant goods or services required, warranty periods, payment terms, delivery terms, allowable variances, etc. should be included as this information will be transmitted to the vendor once it is approved.

Backup documentation (quote, contracts, etc.) is required to be attached for all requisitions unless otherwise exempted. Departmental estimates in lieu of vendor provided documentation may be acceptable when projecting spend, provided there is a legitimate basis for the estimate.

Procurement Services reviews the requisition for reasonableness of the request, pricing and vendor selection as well as compliance with this and other policies. Procurement may, after consultation with the requisitioning department, choose to award the purchase to a vendor other than that recommended by the end user. Once approved by all levels, the requisition is converted into a purchase order. Procurement will then transmit the purchase order to the vendor, initiating the order.

Additional approvals may be required, depending on the type of purchase and/or dollar amount:

- Contracts greater than \$50,000 and/or Special Risk (Office of the General Counsel)
- Fund 5xx (Office of Research Services)
- Greater than \$25,000 (Director of Procurement Services)
- Insurance requirements (Risk Management)
- Leases (Real Estate Office and/or Financial Accounting)
- Technology good and services (Information Services), excluding
 - Computers purchased through the standard ordering process
 - Devices running mobile operating systems (iOS, Android, Windows Mobile, etc.)
 - Printers and multifunction devices
 - Computer peripherals and accessories
 - Desktop software with less than 10 seats/licenses
 - Hardware purchased by CDM

Procurement may consider a requisition to be non-compliant and "after-the-fact" if it is submitted too late for the approval process to implement changes if needed. Procurement may consider such requisitions compliant: (1) if we have the opportunity to review a contract or other documents prior to requisition entry but within enough time to conduct a review or (2) the invoice is part of a standard renewal without any upfront quoting or contracts (e.g. membership, support, etc.).

Deposits and Prepayments

Deposits and prepayments are generally discouraged, but are acceptable in small amounts (e.g. 10-20%) or where it is common for the industry (e.g. events or catering). The deposit is factored into the total cost of the contract and is used to determine the approval framework.

If a purchase order is required, departments that wish to pay a deposit or prepayment via the ProCard may do so only with the permission of Procurement Services. If the total value of the deposit plus remainder is less than \$3,500 and no purchase order is required, all payments can go on the ProCard without Procurement's approval.

Change Orders

If the terms of the purchase should change after a purchase order was created (quantity, cost, etc.), a change order can be requested by contacting Procurement Services.

Depending on the change, additional approvals may be required and Procurement Services may require additional documentation.

Purchases over \$25,000

In addition to the circumstances above, purchases of goods or services (including contracts and master agreements) with an actual or estimated value over \$25,000, the department must conduct a competitive bid (e.g. a \$30,000 contract with three payments of \$10,000 each is subject to the competitive bidding requirement).

A competitive bid can usually be obtained through one of the following methods:

- For simple purchases, written quotes received from multiple companies (generally at least three) either through direct contact or a review of printed/online catalogs and other materials. Under this method all vendors must be treated equally (e.g. one provider cannot be given the opportunity to provide a special pricing quote while others are based on standard online prices).
- For larger or more complex purchases, a formal process whereby vendors are asked to respond to a variety of needs and responses are then evaluated on multiple criteria. These can be conducted by the department, by Procurement or in conjunction.

Guidelines for All Competitive Bids

When conducting a competitive bid, the following must occur:

- No employee may participate in the selection or award if a real or apparent conflict of interest would be involved unless the [Conflict of Interest policy](#) is followed.

- Where feasible, vendors that assist DePaul with developing specifications, requirements, statements of work, or requests for proposals should be excluded from competing for the contracts to which the specifications, etc. pertain as they have insight that is not available to other bidders.
- Responses and other non-public information, including pricing, from bidders must be considered confidential and may not be disclosed to other bidders or vendors.
- Vendors participating in the competitive bid should be of comparable functional and technical levels in terms of ability to provide the required goods or services.
- The competitive bid must be distributed to an appropriate number of potential bidders, generally a minimum of three.
- All bidders and respondents must be given equal treatment. No one (including any incumbent vendors) should receive information that is not shared with all parties
- Evaluation criteria must be consistent for all vendors.

Formal Processes

A Request for Proposals (RFP) is a formal document that signifies to vendors the university's intent to enter into a larger or more complex contract. RFPs may be prepared in conjunction with Procurement and should include:

- A clear and accurate description of the technical requirements for the items or services
- An indication of when the services or items are needed
- Instructions regarding what to include in the proposal in addition to a cost estimate
- A deadline that provides a reasonable time frame for proposal submissions
- Instructions for proposal submission
- A description of the factors to be used in evaluating proposal.

Evaluation of proposals should be conducted by a small, knowledgeable group such as the functional owners, impacted departments, Procurement, etc. The use of a grid or checklist that reflects the evaluation criteria included in the RFP is recommended. Factors such as past performance, capacity and qualifications to perform the work, warranty conditions, and/or maintenance availability may be considered along with price as long as they are included in the RFP.

Templates are available at the [Procurement website](#).

Procurement Involvement

Procurement can provide support to departments for conducting competitive bids, which may include assistance in researching and drafting documents, determining needs, identifying potential vendors, communicating with vendors throughout the process and negotiating contracts.

Procurement involvement is recommended for most competitive bids. Procurement staff have expertise in running bid processes and various industries that can help to ensure the bid is properly conducted and able to stand up to scrutiny.

Documentation of Competitive Bids

For competitive bids that result in a purchase order or master agreement, documentation is required to be shared with Procurement. This includes:

- The original bid document (RFP, email to vendors for quote requests, etc.)
- All vendor responses
- The "[bid documentation form](#)" which briefly describes the vendors solicited and reason for the selection. If the vendor with the lowest price did not win, briefly note what other relevant factors led to the decision.
- If available, a more detailed selection document (e.g. an evaluation criteria grid)

Competitive Bidding Exemptions

Competitive bidding is not required for the following:

- Advertising Agencies - a competitive bid is only required when the university feels a change in advertising direction warrants the estimated costs necessary to cover work done by prospective vendors
- Banking services, as governed by larger university-wide agreements
- Deeply Integrated Software - only for renewals of software deeply integrated into the university, making a transition to another provider a very costly undertaking (examples include: PeopleSoft, Tableau, AdvanceWeb, Blackboard, Andover, etc.)
- Event venues
- External legal counsel
- Grant subawards
- Partnerships and affiliations with educational institutions
- Purchases made from preferred vendors or approved purchasing cooperatives.
- Purchases necessary to respond to an immediate emergency
- Sole source purchases - those that are unique and no other vendors offer a comparable product or service (examples include data sets, entertainment/performers/tickets, certification programs, memberships, charities, game guarantees, etc.). Purchasing services from a manufacturer is not considered sole source unless no other providers can offer similar services.

Procurement must agree with the department's justification of an exemption above in order for it to be considered compliant with this policy.

In addition to the above exemptions, Procurement may exempt a competitive bid. In doing so, Procurement will review the [department's request](#) and determine if a bid will not provide value. In preparing their request, the department should include justification as to why a bid is not necessary (e.g. how does the university know the price is competitive, service levels are high, an analysis of competition, switch out cost vs. benefit, etc.) as well as the projected value of the purchase or contract.

In some cases, Procurement may defer exempting a bid and instead ask an executive office to determine if it should be granted. Executive officers, or their delegates, may also chose to exempt purchases from competitive bidding.

Payment Processes

The university ProCard is the preferred payment method when possible. See the [Procurement Card](#)

policy for more information and restrictions. However, the university should generally not pay any fees imposed by the vendor for use of the card. Generally vendors will eliminate these fees through negotiation or a competitive bid process. For purchases above the standard limit, a purchase order is required as described above or contact Procurement for a temporary increase.

If the vendor does not accept credit cards, the invoice or a voucher payment request form can be used for payment. Departments are responsible for ensuring the invoice is sent to [Accounts Payable](#) for processing.

Vendor Gifts and Solicitation

Existing and prospective University vendors generally should not be solicited for any gifts, sponsorships or donations without the approval of Procurement Services or the Office of Advancement. However, areas that "own" the vendor relationships for that category (e.g. office supplies is owned by Procurement Services, facility contractors are owned by Facility Operations) may do so when appropriate but such solicitations should be communicated to Advancement and any relevant business offices to ensure efforts are properly tracked or done in a coordinated and compliant manner.

University employees (or agents) may not solicit gratuities, favors, or anything of monetary value from potential or current vendors. Gifts may be accepted (but not solicited) in some instances, see the [Gifts to Employees policy](#) for more information.

Related Policies

- [Authorized Signatures and Delegation of Transaction Approval/Authority](#)
- [Conflict of Interest](#)
- [Contract Requirements and Procedures](#)
- [Employee and University Guests Reimbursement \(Travel and Other Reimbursements\)](#)
- [Gifts or Donations from the University to External Parties](#)
- [Gifts to Employees](#)
- [Honorarium Payments](#)
- [Membership in Organizations](#)
- [Payments to Vendors, Service Providers and Other External Parties](#)
- [Procurement Card \(ProCard\) Requirements](#)
- [Software Licensing](#)
- [Prohibited and Special Purchasing Processes](#)
- [Use of Independent Contractors / Consultants](#)

Exceptions

Any exceptions to this policy must be approved in writing by the Director of Procurement Services.

Procedures

A variety of detailed procedures can be found at the [Procurement Services website](#).

Divisional Collaborations

General Counsel

Office of the Controller

Contact Information

Procurement Services

<http://procurement.depaul.edu>

(312) 362-7510

procurement@depaul.edu

Appendices

None

History/Revisions

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