



UNIVERSITY OF RICHMOND

Policy Manual

Policy #:	FIN-4403	Policy Title:	Procurement Policy
Effective:	07/01/2019	Responsible Office:	Strategic Sourcing and Payments
Date Approved:	06/25/2019	Approval:	Executive Vice President & Chief Operating Officer
Replaces Policy Dated:	07/01/2018	Responsible University Official:	Director, Strategic Sourcing & Payments

PURPOSE:

The purpose of this policy is to provide guidance for the purchase of goods and services and to ensure the appropriate use of University resources to further the University’s mission of teaching, research, scholarship, and service.

SCOPE:

This policy applies to the University of Richmond and all of its Affiliates, and entities who purchase goods or services on the University’s behalf utilizing University-administered funds, unless the Executive Vice President and Chief Operating Officer, has granted an exemption. As used in this policy, the term “Affiliates” means organizations or entities in which the University owns a controlling interest or has the right to elect the majority of the entity’s governing board. Employees are expected to be aware of and comply with any department-specific requirements.

Externally funded grants and contracts may have more restrictive or additional requirements not addressed in this policy. Principal investigators should review the grant or sponsors specific requirements, or contact the Grants Accounting Office for assistance. This policy should be read in conjunction with the Grant Procurement Policy.

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POLICY STATEMENT:

FIN-4403.1 – Definitions

Capital Equipment

Capital equipment is tangible, non-consumable equipment that is used as part of the University's operations with an initial useful life greater than one year and a purchase price of \$5,000 or more at the time of acquisition.

Contract

A contract is a binding commitment by or on behalf of the University that is in oral or written form, regardless of the title of the operative document or documents. For purposes of this policy, the term “contract” includes but is not limited to contracts, agreements, leases, memoranda of understanding (“MOU”), gift agreements, mutual aid agreements, settlement agreements, resolution agreements, letter agreements, and binding letters of intent.

Diverse Businesses

Diverse businesses are identified as minority business enterprise (MBE), woman-owned business enterprise (WBE), or small business enterprise (SBE). SWaM is an acronym created by the Commonwealth of Virginia to identify diverse businesses which are certified as either small, women-owned, or minority-owned. The University has identified vendors that meet these criteria, which may be found at <http://controller.richmond.edu/sourcing-payments/swam-search.html>.

Request for Information (RFI)

An RFI is a procedure used to obtain comments, feedback, or reactions to or requirements from potential vendors prior to the issuance of a formal solicitation. Generally, price or cost is not required. Feedback may include best practices, industry standards, technology issues, etc.

Request for Proposal (RFP):

An RFP is a procedure used to solicit proposals from potential vendors for goods and services. This is the most formal solicitation practice. The RFP includes the University’s requirements for the goods and/or services and provides the terms of the solicitation and the terms upon which the services may be contracted. The process may be a single or multi-step process, depending on the complexity of the goods or services being acquired.

Request for Quotation (RFQ):

A request for quotation is a practice used generally for goods or services under a specified dollar threshold. A request is sent to vendors, along with a description of the commodity or services needed, and the supplier is asked to respond with price and other information by a pre-determined date.

Single Source

A source of goods or services that may be available through other vendors, but is selected specifically in order to be compatible with existing equipment or technology, provide replacement parts, leverages existing training or expertise, or similar unique purposes. Examples of single source include the following: the source was selected under a previous competitive purchase, the source provides continuity of services, or selection of the source is based on an unforeseen, time sensitive circumstance requiring immediate attention. Purchasers are expected to understand industry standards for the manufacturing of goods, shipping and delivery estimates.

Sole Source

A source of goods or services that is selected when there are no other sources reasonably capable of providing the selected goods or services. Examples of sole source circumstances includes the following: the goods or services can be purchased only from this vendor or independent contractor; the source offers unique knowledge, experience or technical capabilities; the source demonstrates a unique capability or quality not otherwise available from other sources; or is the only source with the availability of the products for the timeframe needed.

Solicitation

Solicitation is the process of notifying prospective bidders of the University's desire to receive bids on the specified good or service. RFQs, RFIs, and RFPs are types of solicitations. The solicitation request is normally made through email.

FIN-4403.2 – Overview

The policy outlines the procurement practices for purchasing goods and services on behalf of the University of Richmond. This policy is intended to ensure the timely and cost-effective acquisition of goods and services and maximize the University's purchasing power. The policy also serves to streamline business practices, ensure compliance with related policies, and reduce potential institutional risk associated with contracting and other procurement-related activities.

The University strongly encourages the use of existing contracts to the extent possible as these vendors have been vetted for quality and pricing has been negotiated.

Depending on the goods and services provided, vendors may be required to meet the University insurance requirements and list the University as Additional Insured on their policy. Please refer to the Risk Management Office for more information.

FIN-4403.3 Ethical and Social Standards

Employees involved in any aspect of the purchasing process are responsible for ensuring that the highest standards of ethics, integrity and fairness are maintained. This includes impartially evaluating bids received, not sharing pricing and terms/conditions of one bidder with any other bidders or potential bidders, and ensuring that competitive pricing, once attained, is realized.

Employees involved in any aspect of the purchasing process should read and understand the Conflict of Interest policy, which can be found at <https://controller.richmond.edu/common/pdf/procurement/conflict-of-interest.pdf>.

All University purchases of goods, services, supplies, equipment or other merchandise made with University funds must be used to further its mission of teaching, scholarship, research and service. University funds may only be

spent in support of a legitimate business purpose and in accordance with University policies; expenditures must be reasonable and appropriate. Purchases must not be for the personal use of University employees.

Environmentally Preferred Purchasing (Sustainability)

By signing the American College and University Presidents' Climate Commitment in 2007, the University made a substantial commitment to the integration of sustainability into institutional operations. To that end, the University will seek to purchase environmentally preferable products whenever they perform satisfactorily and are available at a reasonably competitive price. Environmentally Preferred Purchasing (EPP) is the purchase of products and services whose impacts have been considered and found to be less damaging to the environment and human health when compared to competing products and services. EPP principles are intended to support purchasing decisions that evaluate products' environmental impact (*e.g.*, waste, toxicity), and to ensure that purchased products and services are healthful, safe and environmentally sound.

Individuals are encouraged to consider EPP when evaluating and selecting products or services on behalf of the University. The objectives of EPP are to:

1. Encourage waste prevention, recycling and the use of recycled or recyclable materials.
2. Identify environmentally preferable alternatives, and;
3. Generate less waste material by reviewing how supplies and equipment are purchased and delivered.

Supplier Diversity

The University's *Supplier Diversity Program* proactively integrates diverse vendors into sourcing activities to ensure that small, women-owned, and minority-owned businesses have opportunities to compete for University business.

Departments are encouraged to purchase from certified diverse vendors that offer the good or service and are capable of meeting the requirements of the purchase. Please refer to the *Supplier Diversity Program* at <http://controller.richmond.edu/sourcing-payments/procurement/diversity.html> for more information.

FIN-4403.4 – Competition Requirements

Effective competition among vendors seeking to provide goods and services to the University ensures the University is receiving the highest quality of goods and services at the best price. Accordingly, those involved in vendor selection must search broadly for viable vendors. A competitive process among vendors is required for all purchases for which there is no existing contract. The following thresholds determine the competition requirements:

Under \$10,000	\$10,000 to \$75,000	Above \$75,000
Goods and purchased services valued less than \$10,000 in the aggregate and that are not restricted from departmental purchase may be purchased directly by departments with no competition requirement.	The purchaser must solicit a minimum of three written quotations, preferably on the supplier's letterhead. Quotes via email must include the supplier's legal name, contact name, phone and address. Quotations must be attached to the requisition, contract or final invoice.	Procurement and Strategic Sourcing (Procurement) must manage the purchasing process for items exceeding \$75,000. Procurement will solicit a minimum of three potential sources in writing, using the most practical procurement method, typically RFP.

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When determining the appropriate competition threshold for multi-year purchases of goods and services, the cost must encompass the life of the contract. For example, a three-year contract that costs \$30,000 per year is a \$90,000 contract and would require a formal bid process. Individuals may not split orders or transactions into multiple purchases in order to avoid the competition thresholds.

Completion time of the bid solicitation process may vary based on the complexity of the goods or services being acquired. Individuals who are considering large-dollar purchases are strongly encouraged to contact Procurement as soon as possible in order to ensure that the process can be completed within the desired timeframe.

The University will award the contract to the bidding vendor that best meets the purchase requirements including quality, delivery, service, price, and reliability.

FIN-4403.5- Competition Exceptions

When procuring goods or services on the University's behalf, purchase recommendations should be evaluated on several factors, including price, quality, delivery, service, past performance, and reliability. Consequently, certain unique goods or services are not required to be competitively bid.

Exception	Description
Art	Works of art or historical items for museum or public display
Athletics	Fees for intercollegiate athletics, conferences, game guarantees, dues, etc.
Contract amendments	Amendments to existing contracts to exercise options that were part of the original contract or part of a previously approved amendment; amendments that are within the scope of or incidental to the original contract's scope of work
Contract purchase	For goods or services purchased on an existing University, state, local, or consortium contract
Employee/Executive search firms	Employee/Executive Search is to be facilitated through the Human Resources office.
Employee benefit programs	Human Resources has purchasing authority of benefits including medical, dental, retirement services, etc., as part of the University's cafeteria plan
Entertainment	University sponsored fairs, expositions, exhibitions, plays, or concerts
Facility rentals, including hotels and restaurants	Accommodations for conference or meeting attendees; offsite catered events
Financial and accounting services	Loans, investment banking, banking custodial services, commercial banking, financial custodial services, security services and accounting services
Insurance	Insurance products purchased by Risk Management
Legal services	Professional legal services approved in advance by the University's Vice President & General Counsel
Library materials	Educational materials and information access resources, including books, maps, periodicals, newspapers, subscriptions, online cataloging or other bibliographic library services
Licenses	Renewal of software or equipment licenses

Exception	Description
Maintenance, equipment	When there is only one authorized or qualified source required by the manufacturer for preservation of the equipment warranty
Maintenance, software	Proprietary software maintenance
Performing artists	Professional artists such as musicians, bands, singers, etc.
Subscriptions or memberships	Professional memberships or subscriptions
Travel and entertainment	Expenses related to business travel such as hotel accommodations, transportation, meals, registration fees, etc.
Trial usage	Use of a good or service for testing or to determine suitability
Utilities	Services for which there is no competition due to sole authorizations to provide service to a geographical area, e.g., electrical, water, phone, etc.
Visiting speakers, lecturers, etc.	Services of speakers or lecturers acting as independent contractors as defined by the University's Human Resources Office

Competition is not required when using an existing contract (including consortium, state, local, or University negotiated contracts) because the vendor was selected based on appropriate competition at the time the contract was awarded.

Individuals must practice proper financial stewardship when purchasing on behalf of the University. If contracts are generated for these items, only those individuals identified in the *Delegation of Contract Approval and Signature Authority* policy have the authority to approve and sign these contracts on behalf of the University, subject to the limitations defined in that document.

Please be aware that although the purchase of the above categories of goods do not require competitive bids, the contracts related to the procurement of these goods or services must comply with the University's *Contract Management Policy*.

Emergency Purchases

Emergency purchases are those required to protect life and/or property, or to prevent substantial economic loss or interruption of service. These types of purchases are rare. Formal purchasing procedures are waived, but competition should be used to the extent possible. An explanation documenting the justification for an emergency purchase must be attached to the invoice or payment request.

Sole Source or Single Source Purchases

Certain purchases may be classified as a sole source or single source purchase. This type of purchase represents a unique exception to the requirement for competition and is subject to Internal Audit review.

Departments seeking to obtain goods or services by means of a sole source or single source exemption must complete a Sole Source Justification Form prior to the order being placed or the contract being signed. This form documents the exceptional circumstances of the purchase. The documentation must show that a reasonable evaluation has been made and that the department's rejection of alternative vendors or solutions is based on objective and relevant criteria. Procurement has the final responsibility for determining whether a sole/single source requirement meets the requirements of this policy. Lack of planning is not a justification for a sole source or single source purchase.

4403.6 Centralized Purchase of Specific Commodities

At its discretion, Procurement may authorize departments to make purchases essential to their daily operations directly, without going through Procurement. Departments seeking authorization must first obtain a Memo of Understanding from the Procurement office outlining the delegation, the purpose, and the goods and/or services the department or unit is authorized to procure. These departments are expected to comply with this *Procurement Policy* and any related policies.

Purchases of certain goods and services are coordinated centrally to ensure the purchases meet University specifications and utilize the University's existing contracts to obtain the best pricing. If procuring the items listed below, you must work through the department identified.

Goods/Services	Department to Contact
Building Maintenance & Construction	Facilities
Furniture	Facilities
Technology (Hardware, Software, Peripherals)	Information Services
Tent Rental	Events & Conferences
Vehicles (including Carts)	Procurement
Food and Beverage	Dining Services

FIN-4403.7 Procurement Guidelines and Methods

Procurement and payment methods for goods and services are determined by dollar thresholds identified in this policy. The table provides a breakdown of those methods.

Procurement/Payment Method	Under \$10,000	\$10,000 - \$75,000	Above \$75,000
Procurement card (P-card)	X		
Purchase Requisition/Purchase Order (a) (b)		X	X
Three Quotes Required		X	
Bid or RFP Process (c)			X
Sole/Single Source		X	X
Payment by Invoice or Check Request	X	X	X

Footnotes:

- a) Any goods and/or services can be processed on a Purchase Order (PO) if needed; however, capital equipment must be processed on a purchase order.
- b) Grant purchases must follow the purchasing thresholds published in the OMB Uniform Guidance. Please refer to the Grant Procurement Policy for federal government competition threshold requirements.
- c) Consult with Procurement for bid or RFP process.

FIN-4403.8 –Signature Authority

Only individuals identified in the *Delegation of Contract Approval and Signature Authority* policy have the authority to approve and sign contracts on behalf of the University, subject to the limitations defined in that document. This individual is guaranteeing payment and the contract terms on behalf of the University.

Contracting authority differs from payment approval. Designated personnel who are in a position to know that the goods were received or the services were performed may authorize payments made under an appropriately approved contract.

FIN-4403.9 Receipt of Goods and Services

The University of Richmond requires the timely receipt and verification of goods and services purchased with funds administered by the University. Ordering departments are expected to verify the following within 30 days of receipt of the goods and or services, and prior to payment:

1. Purchased goods are received in acceptable condition (i.e., free of defects);
2. The agreed upon quantity were delivered in accordance with the terms of the order/contract (warranties and returns may be affected by any delay);
3. Services rendered have been delivered in accordance with the terms of the order or contract.

FIN-4403.10 Roles and Responsibilities

Responsibilities of University Purchasers

University purchasers are responsible for the following:

1. Determining the appropriate procurement method for the prospective purchase, as described in this policy document;
2. Securing the appropriate quotes and providing them to Procurement for purchases requiring competitive bidding;
3. Identifying vendors for formal solicitations;
4. Engaging certified diverse businesses, when appropriate and/or available;
5. Engaging in environmentally preferred purchasing, when available and meets requirements;
6. Seeking the best price, quality, delivery and service that meets the purchase requirements;
7. Contacting Procurement for guidance on purchases that will exceed the \$75,000 threshold;
8. Verifying receipt of goods or services before submitting payment requests.

Responsibilities of Principal Investigators (PI)

Grant PIs have the same responsibilities as listed for University Purchasers, above. In addition, the PI must adhere to the procurement standards in OMB Uniform Guidance for goods and services purchased with federal funds, as well as any terms or conditions specified as part of the grant award. Contact the Grants Accounting Office for assistance.

Responsibilities of Procurement

Procurement is responsible for overseeing the procurement of goods and services for the University through:

1. Developing and maintaining University procurement standards;
2. Serving as a resource for the procurement of goods and services;
3. Assisting departments with their procurement needs;
4. Facilitating the procurement process for goods and services over \$75,000;
5. Negotiating contracts;
6. Determining the appropriate procurement process;

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7. Building and maintaining relationships with vendors who service the University;
8. Obtaining bids or quotes to realize maximum value from the expenditure of University funds;
9. Identifying certified diverse businesses for solicitations;
10. Engaging in environmentally preferred purchasing, when available and meets requirements;
11. Assisting departments with identifying diverse suppliers;
12. Protecting the University against unfair or unethical trade practices and unrealistic or exorbitant price increases;
13. Providing value added services to the University by consistently striving to find new and better products, sources of supply, and better ways of meeting the needs of University departments.

Responsibilities of Accounts Payable

The Accounts Payable Office is responsible for reviewing payment requests prior to processing to ensure:

1. All required signatures are on the request;
2. Index and account coding is on the request;
3. Payment is reviewed and processed within the payment terms;
4. Review documentation confirming receipt of good and/or services.

Responsibility of Internal Audit

Internal Audit is responsible for providing periodic reviews to ensure compliance with this policy

RELATED POLICIES:

<i>FIN-4101</i>	Use of University Funds and Financial Responsibilities
<i>FIN-4408</i>	Contract Management Policy
<i>FIN-4409</i>	Delegation of Contract Approval and Signature Authority Policy
<i>FIN-4301</i>	Purchasing Card Policy
<i>FIN-4401</i>	Policy on Gifts and Gratuities
<i>FIN-1204</i>	<i>Grant Procurement Policy</i>
<i>FIN-16001</i>	Reporting and Investigating Suspected Financial Fraud, Waste, and Abuse
<i>GOV-1000</i>	University Conflict of Interest Policy

POLICY BACKGROUND:

Policy reviewed on July 1, 2013

Revised May 11, 2018; effective July 1, 2018

Policy reviewed by President's Cabinet prior to approval on 06/25/2019; revised policy is effective 07/01/2019.

POLICY CONTACTS:

Director, Strategic Sourcing and Payments, Office of Strategic Sourcing & Payments
Strategic Sourcing Manager, Procurement & Strategic Sourcing