

# Simmons University Purchasing Policy

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## Appendix A

### 1) Purchase Justification Form

## **I. INTRODUCTION**

It is the goal of this policy to ensure that Simmons University obtains the highest quality goods and services while minimizing costs. Additionally, the University seeks to find the optimal intersection between adequate controls to ensure the achievement of that goal while reducing the administrative burden of those who consume goods and services on behalf of Simmons University. It is also a core principal of the University that employees should not, to the extent possible, spend personal funds for expenses incurred related to University business. These policies are covered in detail in the University's Business Expense Policy. It is each employee's responsibility to understand and abide by these policies.

This policy conveys the basic purchasing principles which include obligations for ethical behavior, compliance with government regulations, and best business practices at Simmons University. We endeavor to maximize the University's purchasing power through the use of competitive bidding, negotiated contracts, and an administered process of agreements.

## **II. SCOPE**

This policy applies to all faculty and staff members (employees) authorized to commit funds at Simmons University with outside suppliers for all purchases of goods and/or services.

## **III. PURCHASING POLICY**

This policy includes budgetary controls to ensure that only individuals with budget authority (or authorized designees) initiate purchases and, when appropriate, that requesters seek competitive bids or provide appropriate sole source documentation.

Additional approval is required PRIOR to signing contracts and agreements. Please refer to the Contract Signing Authority policy for additional information (also noted in section F of the Purchasing Policy). Approval of contracts and agreements are obtained using the Contract Routing form and processed through Adobe sign.

Simmons University belongs to a number of higher education purchasing consortiums. These consortiums provide contracts for use by the University that have already been competitively bid. It is highly encouraged that pre-negotiated University contracts, consortium group contracts, and suppliers be used whenever possible. Purchases from these contracts valued less than \$100,000 do not need to be competitively bid again by the University and are exempt from the bid requirements stated below. Purchasing has a complete listing of consortium suppliers and contracts.

Simmons University is committed to increasing diversity and inclusiveness in all aspects of our operations. When issuing a Request for Proposal (RFP) and/or making purchases with University funds, departments are strongly encouraged to pursue opportunities to do business with women-owned (WBE) and minority-owned (MBE) businesses. A directory of certified businesses can be found

here: <https://www.diversitycertification.mass.gov/BusinessDirectory/BusinessDirectorySearch.aspx>

## A COMPETITIVE BIDDING

Purchases shall be made on the basis of competitive bids by considering quality, suitability, delivery, and service. Acceptance of the bid is determined by the supplier offering the best overall value to the University. When determining best overall value, consideration may be given, but is not necessarily limited to, the following: price, bidder's previous record of performance and service, ability of bidder to render satisfactory service, quality and conformance to specifications, delivery schedule, life expectancy, warranty, and end of term. Minimum guidelines have been established to promote competitive bidding. Upon request, Purchasing will assist in locating potential suppliers, obtaining pricing and product availability information, and facilitating competitive solicitation.

There are a few circumstances and items excluded - in all or part - from the competitive bid policy. Failure to anticipate needs resulting from poor planning is not an exception to this policy.

### Exceptions to Competitive Bidding

There are certain acquisitions that are better managed by other systems or procedures. These include but are not limited to:

- Audit, Legal Expenses
- Conference Fees, Dues, Memberships, Subscriptions
- Employee Reimbursements
- Guest Lecturers, Honoraria
- Insurance, including Employee benefit related insurance
- Investment Management Fees
- Library acquisitions (books, periodicals, films, databases, and electronic resources)
- Postage
- Taxes and Payments to Government Agencies
- Travel Services (airlines, hotels, and ground transportation)
- Utilities

Certain situations which may justify purchases without following the competitive bid procedures are as follows:

- Items purchased from a competitively bid group purchasing organization (E & I, MHEC, COF, MASCO, Boston Consortium contracts or pricing agreements)
- Emergency purchases when:
  - Human life, health, or University property is in jeopardy
  - Repairs of equipment involve known dangers

- Repairs are immediately needed for equipment where delay would lead to higher expense
- OEM (Original Equipment Manufacturer) requirements for equipment currently under lease, rental, warranty, or maintenance
- Design compatibility with existing equipment or technology

Summary of  
Competitive Bid  
Policy

Total Value		Bid Completed by:	Bid Verification
<\$5,000	No Quotes Required (but still recommended)	Department	None
\$5,000 and \$25,000	Quotations/Bids recommended by two (2) suppliers in verbal, e-mail, or in writing (see section D. for purchasing against a Grant)	Department	None
\$25,001 and \$100,000	Quotations required by 3 suppliers in writing, unless sole source or buying group contract. Includes multiyear agreements.	Department	Purchase Justification Form to be submitted with Requisition
Over \$100,000	Quotations required by three (3) suppliers in writing, unless sole source or buying group contract. Includes multiyear agreements	Department and Purchasing	Purchase Justification Form to be submitted with Requisition. Purchasing to maintain competitive bids

1. Purchases less than or equal to \$5,000 – No Competitive Quote Required

Requisitioners should follow their best judgment in identifying potential suppliers. If the goods or services can be obtained from a University Preferred Supplier Agreement, it is recommended that the requestor purchase from this source. Purchasing can assist in identifying Preferred Supplier Agreements for our consortium contracts.

2. Purchases between \$5,001 and \$25,000 – Recommend Competitive Quotes from Suppliers

It is recommended that for all purchases over \$5,000, but not exceeding \$25,000, a minimum of two quotations be obtained from suppliers if not utilizing a contracted/preferred supplier. Quotations solicited verbally should be confirmed by e-mail for an attachment to the requisition. If the requestor is unable to identify two suppliers, Purchasing can assist in identifying additional suppliers. All quotes should be attached to the requisition.

3. Purchases between \$25,001 and \$100,000 – Required Competitive Quotes from Suppliers

A written Request for Quotation (RFQ) or Request for Proposal (RFP) is required for purchases greater than \$25,000 and less than \$100,000. The Quote request should be submitted to at least three suppliers. The Purchasing Department can assist in obtaining bids for all solicitations for purchases between \$25,000 and \$100,000. The requesting department is responsible for providing the required documents for the solicitation.

If none of the situations above are met and the Purchaser is seeking an exception for the bidding requirements of this policy, the Purchaser must provide a valid, clear statement of justification for waiving the competitive bidding process by completing the "Purchase Justification" form (See Appendix A).

4. Purchases over \$100,000

A competitive bid process (with three suppliers) is required for purchases over \$100,000 where the department works collaboratively with the Purchasing Department and other stakeholders. It is important that departments with purchasing needs in excess of \$100,000 be in contact with the Purchasing Department at the earliest possible opportunity to help ensure that there is adequate time and resources committed to this bid particularly when:

- The product or service in question is not a "Sole Source"
- The "scope of work" is complex
- Complicated contract terms are involved
- The total projected value of the supplier relationship exceeds \$100,000 or more over a three (3) year period

The \$100,000 may be reached in one of the following ways:

1. A single purchase with a total cost equal to or greater than \$100,000
2. Multiple purchases to the same supplier that total \$100,000 or more in a fiscal year

The Purchasing Department is responsible for all required bid documentation for purchases over \$100,000. Documentation related to these purchases will be kept on file for audit purposes. A purchase order will be generated for these purchases.

## A-1 SOLE SOURCE

A sole source purchase is one where a good or service can only be purchased from a single source. This situation makes it impossible to obtain competitive bids. Due to the amount of competition between suppliers, sole source purchases are very rare. The requisitioning department must complete a "Purchase Justification" form (See Appendix A) as to why the technical characteristics inherent in the item make it essential to purchase the particular good or service from that supplier. Final responsibility in determining whether an item is a proprietary item and may be purchased from a sole source rests with the Purchasing Department. There are exceptions to competitive bidding. See section IIIA for guidelines

## B. PURCHASING APPROVAL REQUIREMENTS FOR REQUISITIONS

In order to create a purchase order, a purchase requisition must first be created and approved in Workday. Purchase requisitions can be requested by all employees, but approval is needed for the purchase of goods and services by the Department Budget Authority, and additional approvals are required in Workday if the purchase is over \$5,000. Once the purchase requisition is fully approved, the Purchasing department issues the purchase order. The purchase order provides the authorization to commit University funds and ensures that appropriate funding is available.

## C PURCHASING METHODS

The University has two methods for purchasing goods or services: the purchase order (standard and blanket) and the corporate credit card. The proper method depends on what is being purchased and the dollar value of that purchase. Definitions are as follows:

### 1. Purchase Orders

- *Purchase Order (PO)*: a written contract between the University and a supplier detailing the exact merchandise or services to be purchased from a single supplier. The PO will specify payment terms, delivery dates, item identification, quantities, shipping terms, and all other obligations and conditions of the purchase. A PO is provided to the supplier PRIOR to an order being placed.
- *Blanket Purchase Order*: a PO that is valid for a specified period of time with negotiated/bid pricing and authorizes multiple, repetitive orders during that time period, as long as the total dollars encumbered on the PO are not exceeded. Blanket POs can be closed, reduced in value or increased in value when necessary. Blanket POs are generally issued to service-related suppliers. Blanket POs are generally charged to one General Ledger (GL) expense line or GL expense line combination that does not change with each invoice. A Blanket PO is also a written contract between the University and the supplier. A copy of the Blanket PO can be provided to the supplier as needed.

## 2. Corporate Credit Card

- Corporate Card: The University's corporate card is a JPMorgan Chase VISA credit card. The corporate card can be used for University related small dollar purchases and certain travel related purchases. The card may not be used for any personal purchases. Misuse of the card is grounds for revoking corporate privileges and may lead to disciplinary action, up to and including termination of employment. A full explanation of what a corporate card can be used for can be found in the University Corporate Credit Card Policy.

<https://internal.simmons.edu/wp-content/uploads/2022/07/Corporate-Credit-Card-Policy.pdf>

### PO Exceptions:

- Audit, Legal Expenses
- Conference Fees, Dues, Memberships, Subscriptions
- Employee Reimbursements
- Guest Lecturers, Honoraria (under \$1000 total cost)
- Investment Management Fees
- Taxes and Payments to Government Agencies
- Travel Services (airlines, hotels, and ground transportation)

The following table shows the different method to use for purchasing goods and services and defines when a PO is required (except Grants. See section III, part D):

Dollar Value	Corporate Credit Card	Purchase Order	Supplier Invoice
\$1 to \$1,000	Recommended First Choice	Available – but not recommended	Available for no PO
\$1,001 - \$5, 000	Limited Availability	Required – but not for PO exceptions	Available for PO exceptions only
Over \$5,000	Limited Availability/Additional Approvals Required for credit card limit increase	Required – but not for PO exceptions	Not recommended. Contact Purchasing .

**D. PURCHASING AGAINST A GRANT**

Purchase orders and competitive bids (unless a sole source) are required for all expenditures totaling over \$5,000 in the same fiscal year. Expenditures over \$25,000 must also include the SAM suspension/debarment check finding ([www.sam.gov](http://www.sam.gov)). There are no exceptions to this policy.

**E. RESTRICTED ITEMS**

The following items are restricted purchases. The requester must contact the department(s) specified:

Technology Department

- Cell Phones & Cell Phone Services
- Computers & Peripherals
- Media Equipment
- Software

Purchasing Department

- Office Furniture
- Office Supplies
- Shredding Services
- Water Services

Talent and Human Capital Strategy

- Temporary Help



## **F. CONTRACT SIGNATURE AUTHORITY**

Only designated University personnel may sign contracts or otherwise financially commit the University. Contractual obligations made without appropriate authorization may become the personal liability of the employee. The Contract Signing Authority Policy can be found on the General Counsel website.

<https://internal.simmons.edu/wp-content/uploads/2019/07/Contract-Signing-Authority.pdf>

## **G. CONFLICT OF INTEREST**

Prior to consummation of a purchasing relationship, ethical considerations require members of the University involved in any part of the purchasing process fully disclose to the University any potential conflicts of interest. In cases where a potential conflict exists, it is important to handle transactions competitively at an "arm's length", business-like basis.

An employee is considered to have a conflict of interest when they or any of their family or associates (to their present knowledge) either (1) has an existing or potential financial or other material interest that impairs or might appear to impair the individual's independence and objective judgment in the discharge of responsibilities to the University, or (2) may receive a financial or other benefit from knowledge of information confidential to the University. The family of an individual includes their spouse, parents, siblings, children, and any other person who resides in the same household. An associate of an individual includes any person, trust, organization, or enterprise with respect to which the individual or any member of their family (1) is a director, officer, employee, member, partner, or trustee, or (2) has a significant financial interest or any other interest which enables them to exercise control or significantly influence policy.

Please contact General Counsel for Simmons Policy.

## **H. GIFTS AND GRATUITIES**

Simmons University is committed to educational, business, and purchasing practices that award contracts and the business of the University on merit, price, service, and quality. Contracts and the business of the University should never be awarded on the basis of personal relationships, gifts, promotions, entertainment, and other gratuities that suppliers, potential suppliers, or others who hope to do business with the University may offer or provide to Simmons faculty, staff, or students and their families.

Please refer to complete text of the University's Supplier Gift and Gratuity Policy on the General Counsel's website.

<https://internal.simmons.edu/wp-content/uploads/2019/07/Gift-Acceptance-Policy.pdf>

## Appendix A

The following summarizes the Purchase Justification form that must be completed:

1. Sole Source Justification (option A)

If a competitive bid was not completed for purchases over \$25,000, the Sole Source Justification must be completed with the appropriate approvals.

A "sole source" is defined as specific products or services available from only one source. The fact that a particular supplier is an excellent fit for Simmons University does not justify the selection of that supplier as a "sole source" if there are other suppliers that provide the same or similar goods and services.

2. Competitive Bid Evaluation Summary (option B)

For purchases over \$25,000, once all bids have been reviewed, complete the Competitive Bid Evaluation Summary prior to notifying the awarded supplier. A justification will be required if the bid is awarded to a supplier that is higher in cost than the lowest bid by \$10,000, and must be approved by the department head, and the Director of Purchasing,

Purchase Justification Form (Required for all purchases over \$25,000)

This form is designed to assist Simmons University employees in providing the necessary information required to process a requisition as required by the University's Purchasing Policy.

\*\*Complete either Sole Source Justification OR Competitive Bid Summary \*\*

Supplier: \_\_\_\_\_

Total Cost: \_\_\_\_\_

Option A: Sole Source Justification - Competitive bids not solicited because:

- checkbox supplier is the only authorized distributor/provider for this specific good or service
checkbox supplier is the only servicer for existing equipment or software
checkbox supplier selected is under group purchasing consortium or contract
checkbox Other - Justification required:

Option B: Competitive Bid Summary:

Table with 3 columns: Supplier, Total Cost, Check Selected Supplier. Rows 1, 2, 3.

Justification required if supplier selected is \$10,000 higher in cost than the lowest bidder:

I certify that the above statements are true and accurate and that I have not omitted any material facts that may have influenced this decision.

Signature

Printed Name

Date

If either justification field is complete, approval required from:

Department Head

Director of Purchasing