

Washington University in St. Louis

Policies

The university, as provided by the waiver of procurement rules stated in UG § 200.110 (Technical Corrections dated 12/19/14), has delayed implementation of the Procurement Standards until July 1, 2017. In the interim, the OMB Circulars will apply to grants and cooperative agreements.

Section 1: Purchasing Services Mission and Authority

1.1 Mission and Objectives

POLICY – The acquisition of all equipment, goods and services shall be made with the best interests of the university being the primary goal of the transaction. The university's best interests are served when a transaction results in the lowest overall cost to the university, taking into account the acquisition price, quality, service, availability, functionality, durability and disposal costs.

Purchasing Services exists to support the university's academic, research and patient care missions through the establishment of policies and procedures that make the acquisition of equipment, goods and services convenient for the university community. Purchasing Services further exists to:

- a. Obtain equipment, goods and services at the lowest cost to the university, while ensuring optimal quality, services and availability;
- b. Provide guidance and assistance to university departments regarding supplier relations, logistics issues, supplier problem resolution, product sourcing and other related purchasing issues.
- c. Maximize the university's purchasing power by representing the university as a single purchasing entity to the supplier community.
- d. Ensure accessibility and fair treatment for all suppliers seeking business relationships with the university;
- e. Develop programs and services that bring value to university departments.
- f. Ensure that purchase transactions are in compliance with applicable federal contract and grant regulations and laws.
- g. Conduct competitive bidding processes for the university.
- h. Serve as the centralized purchasing entity for all departments of the university.

1.2 Authority for Procurement

POLICY – It is required that Purchasing Services approve purchase orders of any type prior to the commitment of university funds.

Purchasing Services is the central university department that has been delegated the authority to make purchases on behalf of the university; to enter into certain contracts that commit university funds; and to approve certain expenditures. Purchasing Services serves as the spokesman for the university with respect to procurements and procurement issues. Purchasing Services issues Requests for Proposals and otherwise conducts competitive bid processes for procurements greater than

Washington University in St. Louis

\$25,000. Purchasing Services executes contracts resulting from the bidding and negotiation processes.

1.3 Purchasing Functions

Purchasing Services is a service-oriented group that performs a variety of functions for the benefit of the university community, while working to perform specific functions and projects for individual departments. The following represents a list of some of the functions carried out by Purchasing Services.

- serve as centralized procurement body for university
- develop and maintain procurement policies and procedures
- educate departments about procurement policies and procedures
- identify cost reduction and cost avoidance opportunities
- assist in compliance initiatives such as HIPAA
- explore and evaluate availability of group purchasing opportunities
- conduct market trend analyses
- develop and investigate sources of supply
- evaluate supplier performance
- participate with departments in developing product and service specifications and measurement standards
- conduct competitive bid process
- conduct price/cost analyses
- negotiate contracts
- terminate contracts
- assist with disbursement of surplus equipment

1.4 Supplier Relations

POLICY – In acquiring equipment goods and services, Washington University shall provide opportunities to a widely diverse group of suppliers. No supplier will be excluded from business opportunities because of issues relating to race, color, gender, sexual orientation, national origin, age, religion, disability or veteran status.

Purchasing Services and other university departments are routinely contacted by suppliers seeking to establish business relationships with the university. The professional manner in which those contacts are handled reflects on the entire university. All who come in contact with suppliers must be aware of perceptions and resulting reputation that interaction with the supplier community creates. It is important that all university employees that deal with suppliers are mindful of the following qualities:

- **Integrity** – Employees must maintain their own and the university's integrity by being truthful in all business dealings, by respecting the confidentiality of those dealings, and by refraining from becoming personally obligated to any supplier.
- **Fairness** – The University's reputation for dealing fairly with suppliers is an important factor in securing the best purchase value for the university. Suppliers should be

Washington University in St. Louis

dealt with in a fashion that is un-biased, open and promotes competition. While protecting the university's interests, employees should work with suppliers in a cooperative manner in order to effectively achieve the university's goals.

- **Courtesy** – In dealing with suppliers, employees must maintain a posture that is courteous, polite, and professional, regardless of personal failings or results of the interaction. While maintaining this posture, achieving the University's best interest remains the goal.
-

Section 2: Competitive Bidding

2.1 The Need for Competition

POLICY – Purchases for equipment, goods or services with an aggregate value of \$25,000 or more shall be competitively bid.

In all business transactions, one of the desired results is to maximize value to the university. This usually occurs through competition. By seeking competitive proposals, an environment is created whereby sourcing decisions can be made based on price, quality, service, durability and other pertinent factors.

While the policy states that competition must occur for purchases of \$25,000 or more, it is good practice to use competition for procurements of any size, at least occasionally, to ensure value for the university.

2.2 Competitive Processes

To comply with OMB A-110 and A-133, Washington University has established the following policy.

POLICY – Purchasing Services shall conduct or oversee the process of seeking and evaluating bids and proposals for equipment, goods and services with an aggregate value of \$25,000 or more.

Solicitation of competitive proposals is the responsibility of Purchasing Services. Such solicitations, which may from time to time be delegated by Purchasing Services to other departments, may be conducted by utilizing a formal Request for Proposal (RFP) or by less formal means such as telephone or verbal requests.

In any case, solicitations for competitive proposals should include a clear and accurate description of the equipment, goods or services to be procured. Wherever possible, such descriptions, or specifications, should not contain features which unduly restrict or eliminate competition.

There is no limit regarding the number of suppliers from whom competitive proposals should be sought. Depending on the equipment, goods or services being procured, the

Washington University in St. Louis

number will vary. All suppliers from whom the university can potentially derive value should be included in the solicitation process.

2.3 Preferred Supplier Program (PSP) Contracts

POLICY – Purchases from suppliers with whom Purchasing Services has entered into a PSP contract are not required to be competitively bid.

The university PSP provides contracts with select suppliers who, through competitive bid or negotiation, have been established to provide value to the university. This value usually includes features such as discounted pricing, favorable shipping terms and other enhancements. From time to time, Purchasing Services may choose to include in the PSP certain contracts available from group purchasing organizations (GPO) to which the university belongs.

2.4 Contracts with Minority Business Enterprises (MBE)

POLICY – Purchases from Minority Business Enterprises are not required to be competitively bid.

Through the Supplier Diversity Initiative (SDI), the university is committed to assisting MBEs in gaining access to business opportunities at the university. That commitment coincides with the expectations that all equipment, goods and services acquired from any supplier will meet the university's requirements relating to value, quality and timeliness.

2.5 Engaging Architects and Engineer (A&E)

POLICY – Contracts with architects and engineers, if not competitively bid, may be established if the selected architect or engineer agrees to be bound by the university's A&E Design Fee Schedule. (See attachment 1)

Architects and engineers may be engaged through the A&E Design fee schedule. This schedule, along with the approved list of architects, is a key element in the selection and approval process, outlined as follows.

- a. When the need for an architect or engineer is contemplated (and the cost for same is anticipated to be \$25,000 or more) approval for engagement is sought, usually by Facilities (Hilltop or Medical School), from the Building and Grounds committee. Approvals may be granted by the Chancellor, Executive Vice Chancellors, or Deans.
- b. An architect or engineer from the approved A&E Design Fee Schedule Roster (see attachment 2) is chosen by a combination of Facilities, department representatives and other management, as appropriate. Architects and engineers on that roster agree to be bound by the fee schedule.
- c. If the project cost is expected to surpass \$1 million, the selection process for an architect or engineer must include interviews with more than one firm.

Washington University in St. Louis

- d. Purchasing Services will approve procurements of services from those architects and engineers that appear on the roster upon receipt of
- Documentation demonstrating the engagement approval; and
 - Documentation containing the projected construction cost.

Purchasing Services' approval does not eliminate the need for other approvals as follows. All projects, including plant fund projects, which require the use of outside contractors, shall normally be awarded on a competitive basis; any exceptions on a cost plus or negotiated basis must be approved in accordance with the following amount limits:

| Amount: | Must be Approved by: |
|----------------------------------|---|
| Less than \$75,000 | Chancellor or appropriate Vice Chancellor |
| \$75,000 but less than \$500,000 | Building and Grounds Committee |
| \$500,000 and more | Board of Trustees or Executive Committee |

Should the engagement be for an engineer only, the engineers on the roster should agree to be bound by the fee schedule at a rate not greater than 70% of the scheduled fee percentages.

2.6 Emergency Purchases

In some cases it may not be prudent or feasible to secure competitive proposals prior to procuring equipment, goods or services. One such case would be an emergency situation that requires an immediate procurement in order to protect people and/or property. In such emergencies, documentation outlining the nature of the emergency and the supplier selection process must be submitted to Purchasing Services after the fact. The Supplier Selection Justification form should be used for that documentation.

2.7 Purchasing Services Approvals

POLICY – For all purchases of \$25,000 or more, whether or not competitive proposals are sought, the basis and rationale for the supplier selection must be documented (using the Supplier Selection Justification form).

In order to approve orders of \$25,000 or more (unless otherwise noted) Purchasing Services requires:

- Completed Supplier Selection Justification form

Washington University in St. Louis

- Copies of Requests for Proposal (if they exist)
- Copies of supplier proposals
- Basis for supplier selection
- Rationale for lack of competition (if such exists)

Purchasing Services is charged with the responsibility of determining if the basis for supplier selection is adequate, and if appropriate purchasing methods were utilized leading to the procurement. If, in Purchasing Services judgement, the procurement process is flawed, or if pertinent information has not been presented, the procurement will not be approved.

2.8 Confidentiality

Supplier proposals and resulting contracts are strictly confidential and are not to be revealed to any third party.

Section 3: Supplier Diversity

3.1 Equal Opportunity

As outlined in POLICY 1.4 (Supplier Relations) Washington University is committed to providing business opportunities to a widely diverse group of suppliers regardless of a supplier's race, color, gender, sexual orientation, national origin, religion, disability or veteran status. That commitment coincides with the expectation that all equipment, goods and services acquired from any business enterprise will meet the university's requirements relating to value, quality and timeliness. The university believes that through this Supplier Diversity Initiative, more diverse business enterprises will not only have greater opportunities, but will increase their business presence at the university. This will be of value to the university, to the business enterprises and to the St. Louis community at large.

3.2 Minority Business Enterprises (MBE)

It is the practice of Washington University to actively identify MBEs for the purpose of determining such firms' capabilities of fulfilling the university's requirements as it procures equipment, goods and services. When it has been determined that an MBE sells a product that the university utilizes, Purchasing Services initiates contact with the firm, with the intention of developing a business relationship through which the university can possibly mentor the MBE. The goal of the relationship, besides providing value to the university, is to help the MBE achieve sustainable growth.

Washington University in St. Louis

Section 4: Suppliers

4.1 Supplier Selection

In order to ensure that the best value is obtained for the university in the procurement of equipment, goods and services, the availability of a selection of suppliers (supplier base) is important. The greater quantity of qualified suppliers that exist (large supplier base), the greater the level of competition is for the university's business.

Purchasing Services meets with suppliers to assess their abilities to fulfill the university's needs in a fashion that most greatly benefits the university. The assessment includes factors such as company history, product line breadth, available sales representation, a customer service structure, financial health of the company, location, delivery capabilities and customer references.

4.2 Supplier Performance

Suppliers doing business with the university are monitored to determine their performance levels relative to their contractual obligations. Purchasing Services encourages university departments to provide feedback regarding their satisfaction with suppliers.

4.3 Solicitations By Sales Representatives

While the university presents an open campus to visitors, it retains the right to limit or prohibit unwanted solicitations by suppliers. University departments are under no obligation to entertain such solicitations and should advise Purchasing Services if they would like intervention in stopping them.

4.4 Supplier Product Exhibits

From time to time it may be appropriate for individual suppliers or groups of suppliers to display their products at designated locations within the university. Such displays can serve to familiarize faculty, staff and students with product offerings that might benefit the university.

All such exhibits are to be arranged through Purchasing Services which has the responsibility of determining the appropriateness of each request.

Section 5: HIPAA Business Associates

5.1 HIPAA Business Associate Definition

A business associate is a person or entity who: (1) performs functions or activities on behalf of the university, such as claims processing or administration, data analysis, processing or administration, quality assurance, billing, benefit management or practice management; or (2) provides legal, actuarial, accounting, consulting, data aggregation, management, administrative, accreditation, or financial services to or for the university.

Washington University in St. Louis

5.2 Disclosure of Protected Health Information (PHI)

The university may disclose Protected Health Information (PHI) to a business associate and allow a business associate to create, receive or use PHI on its behalf ONLY IF the university receives satisfactory assurances from the business associate that it will safeguard the PHI. The statutorily required satisfactory assurances are set forth in the form of a Business Associate Agreement (BAA) that must be signed by the business associate BEFORE PHI is disclosed to or created, received or used by the business associate.

5.3 Business Associate Agreement (BAA) Retention

Purchasing Services has been designated as the repository for signed BAAs. Once signed BAAs are received, the FIS Vendor File will be updated to allow the processing of purchase orders and payments to suppliers subject to receipt of/or exposure to PHI.

5.4 Business Associate Agreement Status

A status table of suppliers along with a sample of the BAA is available on Purchasing Services web site.

Section 6: Procurement and the Environment

6.1 Product Sourcing

POLICY – In determining the suppliers from which equipment, goods and services are to be acquired, special consideration shall be given to suppliers whose products are environmentally friendly.

Purchasing Services will seek suppliers that are particularly conscious about the environment and how their products affect it. Important factors include:

- availability of recycled products
- the recyclability of products after use
- products manufactured to last for extended periods of time
- products packaged in recyclable materials
- products manufactured via environmentally-friendly processes
- products without harmful environmental emissions

6.2 Supplier List

Purchasing Services maintains a list of those suppliers deemed to have products that are environmentally friendly. University departments are encouraged to utilize those suppliers' products when possible and after considering other appropriate purchasing selection parameters.

Washington University in St. Louis

Section 7: Equipment Leases

7.1 Purchase vs. Lease

Factors to be considered when determining whether to purchase or lease equipment include:

- purchase price
- funds availability
- maintenance/service costs
- life expectancy of equipment
- length of time equipment is needed
- changing technology
- interest rates

7.2 Lease Terms

Terms of an equipment lease will vary and have a significant impact on the total cost to be paid for the leased equipment. Purchasing Services, with guidance from the Treasury department, will assist university departments considering an equipment lease. Terms to be considered include:

- end of lease buy-out options
- application of any lease credits toward the purchase of the equipment
- cancellation policies and penalties
- responsibility for equipment maintenance costs during the lease

7.3 Executing the Lease

No equipment lease is valid unless it has been signed by an officer of the university. The treasurer customarily signs any equipment leases.