

Institute for Advanced Study Policy

Policy Title:	Policy on Competitive Procurement for Private Grant or Endowment Funded Purchases	Issue date:	July 1, 2018
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Responsible Office:	Comptroller	Contact:	Comptroller's Office ECP Building compoff@ias.edu

POLICY STATEMENT

The Institute for Advanced Study (IAS) policy on competitive procurement provides guidance to ensure that all procurement activity meets applicable regulatory requirements and that the Institute maintains a competitive sourcing environment. Competitive procurement requirements are dependent on the size of the purchase. The appropriate requirements must be adhered to in all instances.

REASON FOR POLICY

Competitive sourcing should be used whenever possible to maintain strong business practices, ensure compliance with various regulations, promote the best possible value, service and pricing in the sourcing of goods and services at the Institute. This policy promotes access for suppliers to competitive opportunities by requiring that either bids be obtained for goods and services or that appropriate justification is provided when a competitive process is not followed.

PRIMARY GUIDANCE TO WHICH THIS POLICY RESPONDS

This policy responds to applicable government procurement regulations as contained in the Federal Acquisition Register (FAR); Office of Management and Budget's uniform administrative requirements (Uniform Guidance), as well as any additional regulations or procedural formalities required by the funding entity.

WHO IS GOVERNED BY THIS POLICY

Faculty and Staff authorized to purchase goods and services for their department or school using private grant or Institute endowment funding.

WHO SHOULD KNOW THIS POLICY

All persons governed by this Policy, Department Administrators and other department staff.

POLICY TEXT

Competitive Sourcing

It is the policy of the Institute for Advanced Study to obtain competitive proposals, bids or price quotations, as reasonably practical, on products and services used by the Institute. The purchasing department is responsible for all aspects of the competitive procurement process at the Institute and monitoring the adherence to the policy. All procurement transactions must be

conducted in a manner providing full and open competition. Specific requirements for competitive sourcing are detailed below. It is important that the supplier selection process is consistent with the Institute's Conflict of Interest Policies. These policies articulate the responsibilities of Institute staff with regard to conflicts of interest in general, and purchasing specifically. The link to the policy is provided in the Conflict of Interest section below.

Purchase Request & Selection Process

The following represents the competitive sourcing process employed by the Institute for its procurements. It is important to note that it is required that all documentation supporting these purchases are provided to Purchasing in the manner prescribed. The specific thresholds related to these competitive sourcing efforts are as follows:

Small Dollar Purchase (Micro Purchase Threshold):

Goods and Service Purchases under \$10,000 require one quote/proposal, without soliciting competitive quotations, if price is reasonable. Micro-purchases should be distributed equitably among qualified suppliers, if practicable. All purchases over \$3,000 require a requisition.

For the purchase of goods and/or services whose aggregate dollar threshold does not exceed the \$10,000 competitive sourcing threshold, multiple quotes are not required but the requisitioner should seek to ensure that the price obtained for the good or service is considered to be fair and reasonable. Supplier proposals should be reviewed to determine if the most competitive pricing has been offered. Fair and reasonable pricing is based on supply and demand, market indices and general market conditions. Therefore, departments should utilize their own knowledge of the industry, sector and its pricing, as well as all available resources, including:

- commercial prices
- previously proposed prices
- contract prices
- government pricing
- consortium pricing
- pricings found in published journals, advertisements, internet sites and auctions

Request for Quotation (RFQ) (Simplified Acquisition Threshold):

Goods and Services Purchases between \$10,000 and \$250,000 require three written quotes obtained from qualified sources.

When goods or services valued between \$10,000 - \$250,000 have standard or easily compared specifications, the competitive sourcing process best employed is a Request for Quotation (RFQ) process. The RFQ process entails requesting and obtaining written quotes from at least three qualified sources that include a full description of the goods and/or services and any other specifications/requirements provided by the requester. This would also include the unit cost, extended cost, and other associated costs such as delivery costs. It is important to note that when requesting quotes from potential suppliers, they must be presented in writing on the company's letterhead. Verbal bids are **not** accepted under any circumstances.

All price quotations received are to be evaluated on the basis of compliance to provided specifications/requirements, other communicated factors such as quality of goods/services, customer service support, and, ultimately, price. It is important that when comparing prices to determine fair and reasonable pricing that the evaluation of the goods and services must be evaluated using the same criteria for each supplier.

If all factors are equal (i.e. delivery schedule, freight costs, return policies, warranty's, etc.) then the lowest priced supplier should be awarded the contract. If a supplier other than the lowest price is selected, a written justification is required to indicate the specific rationale.

The identification and selection of appropriate suppliers from which competitive bids/quotes/proposals can be obtained can be accomplished through a variety of acceptable methods. Ultimately, the goal is to enlist those suppliers that have the products, capabilities, deliverability, service levels, expertise, resources and knowledge of the Institute environment that will afford a successful outcome for the Institute stakeholder(s). Other criteria to be used in choosing suppliers may include:

- Supplier's financial viability
- Recent engagements of similar nature
- Supplier size
- Recent clients

REQUEST FOR PROPOSALS

Competitive Procurement Process (Sealed Bid/Competitive Proposal Threshold):

Goods and Services Purchases of more than \$250,000 may require multiple written formalized bids through either a competitive proposal or sealed bid process depending on the goods or services being procured, solicited from an adequate number of qualified sources.

The Competitive Proposal Process

When non-construction related goods and services are sought to be procured and the cost exceeds \$250,000, the sourcing process to be employed is the Competitive Proposal process. This method is most often used to contract for professional, consulting, and architect/engineering (A/E) services.

The competitive proposal process brings structure to the procurement decision, and requires the requisitioner to clearly outline the proposal requirements and, if relevant, to articulate the evaluation criteria including the weighted values for each criterion identified as being used in the selection process.

After proposals are received, evaluated and negotiated, the contract(s) can be awarded to the supplier(s) presenting the best combination of price, delivery, compliance to specifications, capacity to perform, and quality of service. In other words, the award must be provided to the responsible firm whose proposal is most advantageous to the program.

All Request for Proposals (RFPs) should include both standard Institute requirements and requirements specific to the product/service being sought.

The Sealed Bid Proposal Process

When procuring construction related activities and the cost exceeds \$250,000, the Institute may choose to initiate a Sealed Bid Proposal process. The sealed bid proposal process is used for firm fixed price contracts where the contract will be awarded on a lowest price basis and is the preferred process for supplies, equipment and construction awards. This process requires that the

proposal be publicized, and the requisitioner must clearly outline the proposal requirements and include an invitation specifying the time and place of the unsealing of the bids. Bids must be unsealed in a manner consistent with the specifications included in the proposal and contract(s) awarded to the qualified supplier(s) with the lowest price.

The Sealed Bid Process is to be utilized in instances where a contract will be awarded based on the provision by the suppliers of the specified products or services. There should not be any variability in the product or service offering from suppliers in their proposal submission. If all factors are equal (i.e. delivery schedule, freight costs, return policies, warranty's, etc.) then the lowest priced responsive and responsible supplier must be awarded the contract. If a supplier other than the lowest price is selected, a justification is required to indicate the specific rationale. Normally, the competitive pricing forces of the marketplace determine the reasonableness of the low price obtained through sealed bidding.

Lack of Price Competition

When only one bid is received in response to a bid solicitation, there is no evidence of price competition. If the contract is awarded on the basis of a single submitted bid, i.e., without negotiation, a justification of the price as fair and reasonable must be documented. At a minimum, the bid price should be compared to in-house estimates or past prices paid for the same or substantially similar item(s). In developing an in-house estimate, an effort should be made to obtain information from the marketplace. If, in the instance of a single proposal received through a formal bid process, the formal bid process can be cancelled and a contract price is negotiated directly with the sole bidder, a cost breakdown must be obtained and a cost analysis performed. If the bidder refuses to provide a breakdown of his/her costs, it may be necessary to re-solicit bids. The rationale for the award decision must be well documented. In either case, the final resolution will be reviewed and approved by the Institute's Purchasing Department in conjunction with the Institute's Chief Operating Officer.

Non-Competitive Proposals - Single & Sole Source Justification

In limited situations, purchasers may procure goods and services through a noncompetitive proposal. Noncompetitive proposals may only be utilized in the following situations:

- the item is only available from a single source
- the public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation
- after solicitation of a number of sources, competition is determined inadequate

In these circumstances, the school or department seeking to purchase the goods or services must provide justification for the Sole or Single Source procurement decision. As competitive sourcing provides a basis for determining price reasonableness, when competitive sourcing does not occur, it is necessary for a sole/single source process to also include documentation for price reasonableness.

Acceptable forms of documentation include:

- Comparison of previously proposed/purchased prices for the same or similar items. (include previous Purchase Order number used)
- Comparison with competitive published price lists, market prices of commodities, similar indexes, and discount or rebate arrangement
- Comparison of proposed prices with independent market research or independent Government cost estimates. (i.e. GSA, NYS Contracts, etc.)

- Completed through an accepted cooperative agreement. (i.e. E&I, VHA Novation, U.S. Communities, etc.)

Conflicts of Interest

Any person participating in the procurement process, an RFP evaluation, or requesting a single/sole source procurement is also required to be in compliance with the Institute's Conflict of Interest policies as referenced below. Failure to comply with the Institute's Conflict of Interest policy may lead to disciplinary action up to and including termination, in accordance with applicable Institute policy. (For more information see the policies on Standards of Personal Conduct, Conflicts of Interest and Gifts and Gratuities.)

Confidentiality of Bids/Quotations/Proposals

All information supplied by vendors in their bid, quotation or proposal must be held in strict confidence by the IAS employee evaluating, approving or discussing the bid, quotation or proposal and may not be revealed to any other vendor or persons that are directly or indirectly involved in the bid. This policy ensures that confidential information is safeguarded and prevents any potential conflict. In addition, upholding confidentiality of bids/quotations/proposals ensures that no vendor is given an unfair advantage in submitting bids; and no vendor is negatively impacted by disclosure of information.

While engaged in the bidding process at IAS, it is imperative that all information given to those bidding, as well as the information received from those bidders is safeguarded so that it remains confidential. Safeguarding information includes that confidentiality is upheld during conversations between peers, colleagues, consultants, temporary associates and general conversations both in and out of the workplace.

Documents transmitted electronically through email, texts, fax and conventional mail including USPS or overnight courier services must be secured at the workplace so that information is not involuntarily or haphazardly obtained. Bid documents, proposals and all subsequent correspondence must be properly filed, maintained and secured so that is not inadvertently revealed. Diligence in retrieving files from fax and copier machines is optimum to maintain confidentiality and to limit access to that information.

Information relating to the project being bid and without limitation, includes technical, financial, operational, legal, commercial, proprietary and any and all other information or data disclosed to or by the bidder in the bidding documents and must not be disclosed and must be kept confidential. Also, confidentiality must be upheld regarding price, products, delivery and contractual terms and conditions. Additionally, all analysis, compilations, studies and other documents prepared by the bidder or its officers, employees, agents or advisers which are submitted by the bidder, must also be kept confidential.