

# POLICY

Effective Date: March 20, 2015

Approved by:

Vice President Finance & Administration/CFO &  
Chief Procurement Officer

Authority: [LAC 34:XIII.U501](#)

See Also:

[PRO-U501.A.01](#) (*Invitation to Bid*)

[PRO-U501.B.02](#) (*Request for Response*)

[PRO-U501.A.03](#) (*Request for Quote*)

[PRO-U501.B.01](#) (*Sole Source Procurements*)

[PRO-U525.A](#) (*Exceptions to the Competitive Solicitation Process*)

[PRO-U525.A.36](#) (*Small Purchases*)

[PRO-U525.C](#) (*Cooperative Purchasing Agreements*)

## **POL-U501 Methods and Thresholds for Procuring Goods and Services**

*This policy applies to university departments procuring goods and services and identifies methods for procurement and thresholds required for formal or informal competition.*

*The estimated cost and determined risk associated will control whether a procurement follows an informal or formal process, except when the purchase is either a small purchase, an exception to competition, purchased from an approved cooperative agreement or a sole source purchase is being approved for use.*

### **Definitions:**

1. *Recurring Procurements* – Repeated purchases of goods and services in a 12 month period based on the department's established need.
2. *Single Procurement* – One time purchase of goods and services in conjunction with the department's established need.
3. *Small Purchases* – Single procurement of goods and services for which the aggregate cost does not exceed the established small purchase threshold and, where a master contract cannot be used. (See also – PRO-U525.A.36 – *Small Purchases*)
4. *Informal* - Process of soliciting competitive quotations from multiple suppliers using an informal method such as email or fax. The solicitation, and evaluation process may be conducted by the campus department(s), as per delegated authority, or by the Campus Procurement Department. Specifications are provided and the award is based on price and/or minimal non-price factors. The complete solicitation process usually takes from 1-2 weeks. (See also: PRO-U501.A.02 *Request for Response*; PRO-U501.A.03 *Request for Quote*)
5. *Formal* - Process of soliciting written, sealed bids from multiple suppliers. Formal competition requires that the solicitation be publicly advertised, and sealed bid responses are due on a specified

date at a specified time at which time an official bid opening will be held. Once reviewed and evaluated through a process managed by Procurement Services with participation from the University Department, a notice of intent to award or purchase order is issued. Formal solicitations require specifications development and/or evaluation criteria. The award may result in complex supplier negotiations, based upon price, non-price factors, as well as other terms and conditions. Request for Proposals (RFP); Solicitation for Offers (SFO); Request for Quote and Qualifications (RFQQ) may be used as deemed appropriate by the Chief Procurement Officer. (See also - PRO-U501.A.01 *Invitation to Bid*).

**Procurement Types:**

1. *Goods* - Purchases including, but not limited to, equipment, materials, supplies, insurance, maintenance and leases on real property.
2. *Services* - The furnishing of labor, time or effort by a supplier which may involve, to a lesser degree, the delivery or supply of a product, incidental to the required performance. Construction Services are not included. (For Workday purposes – such services shall be added as goods rather than services.)
3. *Information Technology* – Includes all associated costs during a 12 month period for software, installation, license, modifications, implementation, integration, training, hosted software, software subscriptions, support and hardware/software maintenance. Hardware purchases are not included.
4. *Professional Services* – Includes services that are rendered by an independent contractor who has a professed knowledge and an advanced specialized study and training of some department of learning or science used in practical applications to the affairs of others or in the practice of an art founded on it, shall include but not limited to, lawyers, doctors, dentists, psychologists, advance practice nurses, veterinarians, architects, engineers, land surveyors, landscape architects, accountants, actuaries, claims adjusters, pharmacists, visiting professors and scientists.
5. *Consulting Services* - An independent individual or firm to perform a service or render an opinion or recommendation according to the consultant’s methods and without being subject to the control of the university except as to the result of the work.
6. *Specialty Services* – services rendered by individuals requiring the use of graphic artists, sculptors, musicians, entertainers, photographers, and writers or which require the use of highly technical or unique individual skills or talents, such as, but not limited to, paramedics, therapists, handwriting analysts, foreign representatives, expert speakers, trainers within a continuing education program and expert witnesses for adjudications or other court proceedings.

**Single Procurement Thresholds:**

1. *Small Purchases*
  - a. Goods and Services – less than or equal to \$10,000
2. *Informal Competition*
  - a. Goods and Services – \$10,000.01 or greater and less than \$50,000

### 3. *Formal Competition*

- a. Goods and Services - \$50,000 or greater
- b. Information Technology - \$100,000 or greater
- c. Professional Services - \$50,000 or greater \*
- d. Consulting Services - \$50,000 or greater\*
- e. Specialty Services - \$50,000 or greater \*

**UNDER NO CIRCUMSTANCES MAY A PROCUREMENT BE ARTIFICIALLY DIVIDED SO AS TO AVOID THE APPLICATION OF COMPETITIVE THRESHOLDS UNDER THIS POLICY.**

To ensure appropriate competition, the department should determine the need and estimated spend for a product or service (whether a Single Procurement or Recurring Procurements) within a 12 month period.

\*The Chief Procurement Officer (CPO) shall determine the appropriate solicitation methods to be used in procuring services for the University.

#### **Other Procurement Methods:**

1. Exceptions to Competitive Solicitations
  - a. When deemed appropriate and in the best interest of the University, the process for exceptions to the solicitation process may apply and is outlined in PRO-U525.A - *Exceptions to the Competitive Solicitation Process*.
2. Cooperative Buying/Purchasing Agreements
  - a. When deemed appropriate and in the best interest of the University, the process for utilizing a cooperative purchasing agreement may apply and is outlined in PRO-U525.C - *Cooperative Purchasing Agreements*.
3. Sole Source Procurement
  - a. Purchases \$10,000.01 or greater where there is only one source for a good or service, and only one supplier has the sole ability to meet the requirements of the procurement. Sole source procurement categories include: Patented Technology; Continuity of Research; Compatibility with Existing Goods/Services; Proprietary Technology or required in a grant. The process for utilizing a sole source procurement is outlined in PRO-U501.B – *Sole Source Procurements*.