

***Occidental College  
Policies and Procedures  
Purchasing Policy***

**Responsible Official:** Associate Vice President for Finance / Controller

**Responsible Office:** Business Office

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**Scope**

The General Purchasing Policy outlines the requirements for the purchase of all goods and services at the College. The policy addresses a variety of areas including: standards of conduct, competition and vendor selection, approval requirements, and receipt of goods acknowledgment. This policy is meant to apply to purchases with both federal and non-federal funds. Requirements that only relate to the purchase of goods and services with federal funds, include the words Federally Sponsored Projects in the title of the section.

**Policy Statement**

Occidental College personnel shall purchase goods and services using practices that are compliant with Federal and state laws and aligned with Occidental’s best interest. Furthermore, goods and services purchased with sponsored funds must comply with the sponsor’s terms and conditions.

**Procurement with Federal Funds**

Occidental College will comply with Procurement Standards, 2 CFR (Code of Federal Regulations), Sections 200.317 to 200.321.

## **Definitions**

### Contract

An agreement with a single vendor, which consists of pre-negotiated pricing, terms and conditions for the purchase of specific goods/services. **All contracts must be reviewed by the College's General Counsel and/or Risk Manager prior to signature by an authorized representative.**

**Generally, authorized representatives are Officers of the College as described in the College's By Laws and the annual tax Form 990, which include vice presidents of the college.**

### **Authorized representatives for Grants and Contracts are:**

The Vice President of Academic Affairs and Dean of the College

The Vice President and Chief Operating Officer

The Associate Dean for Faculty Affairs

### Receipt Acknowledgment

The acknowledgment of the receipt of goods or completion of services. This step is required before vendor payment and occurs when an approver codes, signs and submits an invoice for payment.

### Supplier

A person or organization that provides goods or services to the College. The term supplier is used interchangeably with the term vendor.

### Vendor

A person or organization that provides goods or services to the College. The term vendor is used interchangeably with the term supplier.

## **Roles, Responsibilities, and Authorities**

### **Approver**

- Approves the purchase of goods and services
- Acknowledges that purchased goods and services are in accordance with College policies and procedures and are charged to the appropriate FOAPAL
- Maintains oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders
- Provides receipt acknowledgement for goods and services delivered to the College

### **Grants Specialist**

- Provides guidance regarding purchases related to sponsored programs

### **Office of Risk Management**

- Provides guidance regarding insurance requirements for vendors

### **Principal Investigator**

- Initiates, approves, and delegates purchasing transactions related to sponsored project awards

### **Purchaser**

- Prepares or places orders for goods and services
- Determines that costs of requested goods and services are reasonable and allowable for the funds being used to pay for the items

## **Overview**

Purchases for College business are handled throughout the organization. Occidental College follows a decentralized purchasing structure.

## **Standards of Conduct**

No College employee, officer or agent may participate in the selection, award, or administration of a contract if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of Occidental College may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subcontracts.

## **Segregation of Duties**

Departments must segregate the duties of purchasing, receiving, and authorizing payment for goods and services by distributing the duties among two or more people. If staff limitations require one person to be responsible for these functions, a supervisor must accept responsibility for monitoring and verifying the transactions.

## **Competition and Vendor Selection**

All procurement transactions must be conducted in a manner to provide, to the maximum extent practical, open and free competition. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids and/or requests for proposals must be excluded from competing for such procurements. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the College, price, quality and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the purchaser. Any and all bids or offers may be rejected when it is in the College's interest to do so. Some of the situations considered to be restrictive of competition include but are not limited to:

1. Placing unreasonable requirements on firms in order for them to qualify to do business;
2. Requiring unnecessary experience and excessive bonding;
3. Noncompetitive pricing practices between firms or between affiliated companies;
4. Noncompetitive contracts to consultants that are on retainer contracts;
5. Organizational conflicts of interest;
6. Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and
7. Any arbitrary action in the procurement process.

Geographic preferences should be used only when they are justifiable based on the type of service being rendered.

## **General Procurement Standards – Federally Sponsored Projects**

- Employees must avoid purchasing unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase.
- Where appropriate, an analysis should be made of lease and purchase alternatives to determine which would be the most economical and practical.
- Solicitations for goods and services should provide for all of the following:

- A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
- Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals.
- A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
- When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement.
- The acceptance, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.
- Positive efforts shall be made by employees to utilize small businesses, minority-owned firms, and women’s business enterprises, whenever possible
- The “cost-plus-a-percentage-of-cost” or “percentage of construction cost” methods of contracting shall not be used.
- Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration will be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. No contract shall be made to parties listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with 2CFR Section 200.213, Suspension and Debarment.
- The Principal Investigator must maintain records sufficient to detail the history of procurement. These records will include but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. If a time and materials type contract is being considered, read 2 CFR section 200.318 for further requirements.

### **Methods of Procurement – Federally Sponsored Projects**

- a. **Procurement by micro-purchase procedures.** Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (**currently \$10,000**). To the extent practicable, employees must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the Principal Investigator considers the price to be reasonable.
  1. **Procurement procedures**
    1. Principal Investigator considers vendors with a reasonable price and makes purchase in the normal course of business.
- b. **Procurement by small purchase procedures.** Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold (**currently \$250,000**). If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.
  1. **Procurement procedures**
    1. Principal Investigator creates a clear and accurate description of the technical requirements for the material, product or service to be procured and submits to the Office of Grants and Contracts for review. In competitive

- procurements, such a description shall not contain features which unduly restrict competition.
    - 2. Principal Investigator sends the description to at least three qualified vendors and requests rate quotations.
    - 3. Quotations are then forwarded to the Office of Grants and Contracts along with the procurement records including the justification for the vendor selection for the College's grant records.
  - c. **Procurement by sealed bids (formal advertising).** This procurement method should be used for procurements greater than \$250,000. Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. For additional requirements for sealed bids and procuring construction, see the complete text of 2 CFR, Section 200.320 and 200.325.
    - 1. **Procurement Procedures**
      - 1. Principal Investigator creates a clear and accurate description of the technical requirements for the material, product or service to be procured and submits to the Office of Grants and Contracts for review. In competitive procurements, such a description shall not contain features which unduly restrict competition.
      - 2. Solicitation for Bid is created and sent to appropriate vendors.
      - 3. Sealed bids are received, reviewed and the responsible vendor that meets the technical requirements for the lowest price is selected.
  - d. **Procurement by noncompetitive proposals.** Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:
    - 1. The item is available only from a single source;
    - 2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
    - 3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the Principal Investigator; or
    - 4. After solicitation of a number of sources, competition is determined inadequate.

### **Contract cost and price – Federally Sponsored Projects**

- 1. The Principal Investigator must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, independent estimates must be made before receiving bids or proposals
- 2. The Principal Investigator must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
- 3. Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the College under Subpart E-Cost Principles of this part. The College may reference its own cost principles that comply with the Federal cost principles
- 4. The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

## **Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms – Federally Sponsored Projects**

- a. The College must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
- b. Affirmative steps must include:
  - a. Placing qualified small and minority business and women's business enterprises on solicitation lists;
  - b. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
  - c. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
  - d. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.

## **Procurement records – Federally Sponsored Projects**

Procurement records and files, for purchases made using either the Procurement by small purchase procedures or Procurement by sealed bids, include the following at a minimum: 1) the solicitation / request for bid, 2) the vendor proposals or quotes, 3) basis for contractor selection, 4) justification for lack of competition when competitive bids or offers are not obtained as described above, and 5) basis for award cost or price. A copy of these records shall be maintained by the Office of Grants and Contracts in the related award file.

## **Receipt of Goods Acknowledgment**

Principal Investigators are responsible for verifying the actual receipt of goods and services. Receipt of acknowledgment confirms that purchased goods and services have been received in the manner and quantity ordered and is completed when the authorized signer initials the invoice approving payment.

## **Special Situations/Exceptions**

Any special situations or exceptions to this policy must be approved by the Associate Vice President for Finance / Controller or the Chief Operating Officer and Vice President prior to purchase being made.

## **Violation of Policy**

The College's Policy is intended to maximize the College's buying power, streamline business practices and reduce potential institutional risks associated with contracting and other procurement related activities. Violation of the College's policies may carry disciplinary consequences, up to and including dismissal.