In 2019, university policies related to university purchases (formerly FIN-PUR-01 through FIN-PUR-35) were updated and consolidated into FIN-PURCH-01 through FIN-PURCH-14. The History section of this policy contains complete information on where the topics covered by each FIN-PUR policy can be found in FIN-PURCH. A few FIN-PUR policies have been rescinded or converted into Standard Operating Procedures, and the History section contains that information as well.

**Competition and Sourcing**

FIN-PURCH-03

**About This Policy**

**Effective Dates:**
03-12-2019

**Last Updated:**
03-12-2019

**Responsible University Administrator:**
Vice President and Chief Financial Officer

**Policy Contact:**
Baris Kiyar
Associate Vice President for Procurement
bkiyar@iu.edu

**Scope**

This policy applies to all individuals responsible for university purchases, regardless of the procurement mechanism.

**Policy Statement**

1. Procurement Services implements a variety of acquisition/sourcing processes to facilitate efficient, cost-effective procurement of goods and services to support the teaching, research, and administrative missions of the university, emphasizing competitive costing and high ethical practices. Although Indiana University promotes competitive bidding, the determination of which process to employ includes consideration of the anticipated cost of the good or service, the university’s ability to leverage existing contractual relationships, and other factors specific to the situation.

2. Purchases of material significance require administrative reporting for compliance with federal and state regulations as well as fiduciary responsibility to the university and the taxpayers of the state of Indiana.

**Reason For Policy**

To identify procurement mechanisms available for securing timely delivery of goods and services for the university at the most cost-effective price, based on competition among suppliers and implementation of ethical business practices with all parties, and to provide transparency and oversight of significant purchases.

**Procedure**

1. **Competitive bidding and price thresholds**
   a. Single transactions under $10,000 need not be bid.
   b. Except as provided in FIN-PURCH-04, transactions exceeding $10,000 shall be competitively bid by the Procurement Services staff.
1. For awards over $10,000 through $50,000, Purchasing will determine the competitive process to be used and will manage that process.

2. For awards greater than $50,000 up to $250,000, a structured competitive process ("RFP", "RFQ") will be utilized.

3. In limited circumstances, transactions greater than $50,000 and under $250,000 may be approved to be placed without competitive pricing pursuant to FIN-PURCH-04, sole-source purchases, which requires significant documentation and review detailing the circumstances surrounding the transaction.

4. Above $250,000, Purchasing will utilize formal, publicized bidding.

c. Only University Procurement Services is authorized to solicit and obtain official quotations and proposals for the purchase of goods and services.

2. Process for structured and formal procurement

   a. Development of specifications: University Procurement Services, in collaboration with the requesting department, will develop specifications. Specifications for the structured and formal bid process cannot stipulate only manufacturer make and model numbers. Specifications must be based on needs/performance and must include evaluation criteria.

   b. Development of supplier lists: University Procurement Services is responsible for the development and maintenance of supplier lists. As determined by University Procurement Services, all known, interested, and qualified suppliers for a given product or service will be provided an opportunity to offer quotations.

      1. University Procurement Services will issue Request for Information ("RFI"), Request for Quotation ("RFQ"), and Request for Proposals ("RFP") where deemed appropriate.

      2. Resources for supplier list may include, but is not limited to: requesting department suggestions, lists developed from previous similar solicitations, advertisements in trade journals by potential suppliers, lists of minority or otherwise disadvantaged suppliers, and direct solicitations by potential suppliers.

c. Competitive quote initiatives should include at least one diverse supplier when at all possible.

d. Award criteria: Awards shall be made employing a combination of the following criteria:

      1. Degree to which the good and service(s) quoted will best fill the university's requirements;

      2. Price to include freight, payment terms, and life-cycle costing;

      3. Delivery date;

      4. Service;

      5. Expertise;

      6. Everything being equal, purchase will be made from local, state and U.S. suppliers, in that order;

      7. Other relevant transaction-specific considerations.

3. Use of other recognized sources as basis of award

   a. University Procurement Services may evaluate the use of other agreements including but not limited to state, federal, cooperative or consortium agreements.

4. Negotiation

   a. Although the university promotes competitive bidding for procurement, direct negotiation with suppliers sometimes provides the best vehicle for establishing agreements for the procurement of goods and services. Direct negotiation with a suppliers requires the prior approval of the Associate Vice President, University Procurement Services.

5. Emergency situations

   a. In the event of a threat to public safety or institutional property, University Procurement Services may use appropriate procurement mechanisms to expedite placing of an order.

6. Documentation
a. All procurement transactions will be properly coded, documented and filed to identify the purchasing process and decision rationale. Documentation will be maintained under state record retention requirements.

b. Sole-source purchases must be documented and reported in accordance with FIN-PURCH-04 and this policy.

c. Transactions of $250,000 or more, when only one offer is received or the lowest price offer is not accepted, must be fully documented by Purchasing and approved internally by the Associate Vice President, Office of Procurement Services, and may be reported to the Board of Trustees.

1. The following purchases are subject to reporting:
   a. Single price received;
   b. Single price requested;
   c. Lowest price unacceptable;
   d. Sole-source (no competitive process);
   e. Large or unusual purchases as determined by the Associate Vice President, University Procurement Services.

Definitions

Quotation Process: Soliciting price and terms from two or more suppliers.

Life-Cycle Costing: Includes total acquisition price, installation, annual operating and maintenance costs, and residual value.

Solicitation: The process of contacting qualified suppliers for the purpose of obtaining prices and terms for required goods and services. Solicitations can be in the form of Request for Proposals ("RFPs"), Request for Quotations ("RFQs"), Bid Packets, or as obtained by means of written proposals and/or quotations.

Additional Contacts

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rob Halter, Exec. Director of Purchasing</td>
<td>317-274-7746</td>
<td><a href="mailto:rhalter@iu.edu">rhalter@iu.edu</a></td>
</tr>
<tr>
<td>Tally Thrasher, Exec. Director of Purchasing</td>
<td>812-855-5646</td>
<td><a href="mailto:tthrashe@iu.edu">tthrashe@iu.edu</a></td>
</tr>
</tbody>
</table>

History

In 2019, university policies related to university purchases (formerly FIN-PUR-01 through FIN-PUR-35) were updated and consolidated into FIN-PURCH-01 through FIN-PURCH-14. The university purchasing policies related to conflicts of interest and commitment were updated and consolidated into UA-17.

FIN-PURCH-01 consolidates and updates:

- FIN-PUR-1.0 (Purchasing Authority)
- FIN-PUR-1.1 (Exceptions to Purchasing Authority)
- FIN-PUR-1.2 (Delegation of Purchasing Authority)
- Portions of FIN-PUR-2.0 (State and Federal Statutes and Regulations)
- FIN-PUR 4.0 (Responsibilities in Acquisition Process)
- FIN-PUR-16.0 (Transactions Utilizing the Pre-Disbursement Processor).

FIN-PURCH-02 updates and renumbers FIN-PUR-20.0 (University Procurement Contracts).
FIN-PURCH-03 consolidates and updates:

- FIN-PUR-5.0 (Competition)
- FIN-PUR-5.1 (Development of Vendor List)
- FIN-PUR-5.2 (Use of Other Recognized Sources as Basis of Award)
- FIN-PUR-5.3 (Negotiation)
- FIN-PUR-5.4 (Emergency Situations)
- FIN-PUR-5.5 (Purchase Order Award Criteria)
- FIN-PUR-5.7 (Documentation)
- FIN-PUR-12.0 (Board of Trustee Reporting)

Portions of FIN-PUR-18.0 (Auctions and Reverse Auctions).

FIN-PURCH-04 updates and renumbers FIN-PUR-5.6 (Single-Source Orders)

FIN-PURCH-05 consolidates and updates:

- FIN-PUR-3.5 (Purchases for Employees)
- FIN-PUR-10.0 (Restricted Purchases).

FIN-PURCH-06 updates and renumbers FIN-PUR-7.0 (Prepayment of Orders).

FIN-PURCH-07 is a new policy.

FIN-PURCH-08 updates and renumbers FIN-PUR-9.0 (Furniture Purchases)

FIN-PURCH-09 consolidates and updates

- FIN-PUR-3.0 (Purchasing Ethics)

FIN-PURCH-10 updates and renumbers FIN-PUR-11 (Release of Procurement Information).

FIN-PURCH-11 consolidates and updates:

- FIN-PUR-14.0 (Disposal and Redistribution of University Property)
- FIN-PUR-14.1 (Sale of Computing Equipment)

Portions of FIN-PUR-18.0 (Auctions and Reverse Auctions).

FIN-PURCH-12 updates and renumbers FIN-PUR-21.0 (Non-Solicitation on Campus)

FIN-PURCH-13 updates FIN-PUR-13 (Purchases from Historically Underutilized Suppliers)

FIN-PURCH-14 consolidates and updates:

- FIN-PUR-10.1 (Protection of Old Growth Forests)
- FIN-PUR-19.0 (Procurement of Appliances and Electronics).

Specific to purchasing policies, UA-17 (Conflicts of Interest and Commitment) consolidates and updates:

- FIN-PUR-3.0 (Purchasing Ethics)
- FIN-PUR-3.3 (State Conflict of Interest for Procurement Transactions)
FIN-PUR-3.4 (Gifts and Gratuities)

The following FIN-PUR policies were rescinded or converted into Standard Operating Procedures as follows:

FIN-PUR-6.0 (Common Construction Wage) was rescinded.

FIN-PUR-8.0 (Endorsement) was rescinded.

FIN-PUR-15.0 (Strategic Alliances) was converted into a Standard Operating Procedure.

FIN-PUR-17 (Procurement for Off-Shore University Activities) was converted into a Standard Operating Procedure.

Related Information

Federal Uniform Guidance Procurement Rules
FIN-PURCH-04, Sole-Source Orders
FIN-PURCH-09, Procurement Ethics