

PROCUREMENT POLICY

General Policy

It is the policy of Rice University to acquire goods and services at the lowest cost to the University that meets the University customer's specifications for performance, quality and availability. The acquisition shall be consistent with Rice's policies and ethical standards and at a cost that remains within the available resources of the department or organization.

Definitions

Electronic Procurement: A system by which the University may purchase goods and services through the Internet as well as other information and networking systems.

Procurement: The comprehensive process of acquisition of appropriate goods and services at the best possible total cost to meet the needs of the University in terms of quality and quantity time.

Procurement Contract/Agreement: For the purposes of this policy, a procurement contract/agreement at Rice University is defined as a legally binding written agreement of a business nature committing the University to an exchange of funds or other consideration by the University to a vendor in return for goods or services provided by the vendor.

Purchasing: The action of acquiring appropriate goods or services to accomplish the goals of the University, department, or researcher.

Purchasers: With respect to purchasing activity at Rice University, purchasers are any employee or student authorized by the Department or area to select and purchase goods/services from vendors for the sake of daily business activities in accordance with this policy and associated procedures. Purchasers will have the authority to spend money on behalf of the University for valid business purposes and receive delegated authority to a specific dollar threshold.

Purchasing Representative: An employee of Rice who is appointed by Department or area leadership to serve as the purchasing point of contact for the Office of Procurement for his or her department or area. Purchasing representatives may also be purchasers for their Department or area.

Transaction: A signed contract, purchase order, cash or electronic action that commits the University to make a payment in exchange for goods or services.

Vendor, Approved: An approved vendor is a business entity or individual who is not a Rice employee that is eligible to provide goods or services in accordance with acceptable business practices. An approved vendor is one that has qualified for inclusion in the Rice University Vendor master database by submitting all necessary information to accounts payable for payment and have passed any required screening

requirements (e.g., not on the federal debarred business list). Employees and students may select these vendors for use.

Vendor, Preferred: A preferred vendor is an approved vendor who has further qualified through the Office of Procurement to receive a designation that directs employees and students to consider this vendor exclusively for particular goods and services, to the maximum extent feasible, compared to all other approved vendors. This status directs attention to a specific vendor in return for favorable terms, conditions, responsiveness, quality, and/or pricing deemed to be of such value that further competitive bidding is not necessary within reasonable, appropriate standards as described in the procedures.

Vendor Management: The processes and procedures of initiating, maintaining, and managing vendor information to enable the University to efficiently conduct transactions with vendors. In the interest of managing both compliance responsibilities and administrative workload, the University seeks to maintain vendors who are in active use and to minimize the number of "single-use" vendors.

Elaboration of Policy

Ethical Standards in Purchasing and Procurement

All transactions governed by this policy shall adhere to the Rice University Policy No. 838, which states, "...Employees must be sensitive to situations that may pose a conflict of interest or the appearance of a conflict of interest so that they are perceived at all times as objective, ethical, free from bias or undue influence, professional and fair in performing their duties." In conducting purchasing and procurement activities, Rice employees and students shall maintain an appropriate level of vigilance in order to preserve the highest possible standards of ethical behavior and avoidance of any potential conflicts of interest or appearance of conflicts of interest.

Acting as a Purchaser at Rice University

Upon being authorized to act as a Purchaser for Rice University, Rice employees or students are permitted to interact with vendors as defined within this policy and associated procedures. The methods and processes available to employees and students are specifically limited to those described in this policy and associated procedures.

Available Funds

While there are some allowable exceptions (primarily the authority to spend on research grants for a period prior to the effective date of the grant, subject to the sponsor's rules), Rice expects departments to manage annual spending within funds available in that fiscal year.

Levels of Authority to Purchase on Behalf of Rice University

Rice University has standardized the levels of spending authority that can be delegated to Purchasers across the University. This is intended to ease the overall administrative burden in the management of purchasing methods and simplify associated review

processes within a department or organization. Purchasers may receive the authority to spend up to but not exceeding the maximum levels defined herein. For particular purchasing methods, such as the purchasing card, Department Heads/Chairs or managers may have the option to further restrict the level of purchasing authority, where possible, to accommodate internal departmental procedures. Department Heads/Chairs and managers shall carefully consider intended authority and conduct periodic reviews to verify these levels are set within the purchasing methods as intended. For Purchasers, the levels of purchasing are limited to the following levels:

- Level 1 - Micro Purchasing – no greater than \$3,000 per transaction
- Level 2 - Standard Purchasing – no greater than \$10,000 per transaction
- Level 3 - Major Purchasing – no greater than \$100,000 per transaction

With respect to amounts in excess of the Major Purchasing limit, Rice may require, in the normal course of business, additional reviews and approvals beyond intra-departmental delegations. Only the appropriate department or area personnel designated through University Policy No. 810 (Signature and Approval Authority for Contracts) shall have the authority to review and approve purchases above the Major Purchasing level and will also follow specific purchasing processes detailed in the associated procedures to ensure the accountability for Rice resources is appropriately documented.

Competition

In most cases, the most advantageous method to secure the best value is to make decisions based upon competitive solicitations of bids from potential vendors or use Preferred Vendors. Purchases of supplies and services between \$3,000 and \$25,000 may use “small purchase procedures.” Competitive bids are required for purchases over \$25,000. However, bids are not required if the purchase is made from Rice’s list of Preferred Vendors. For those purchases over \$25,000 that are not made from Preferred Vendors, the purchaser must receive bids or price quotes from three vendors unless a sole source purchase is justified and appropriately documented.

For all purchases over the Major Purchasing (Level 3) threshold, departments shall consult with the Office of Procurement through their purchasing representative in accordance with the associated procedures for a determination of the best procurement method available to Rice. At no time will a department or area issue a solicitation for bids independent of the Office of Procurement when the anticipated spend is in excess of the Major Purchasing threshold. This is intended to ensure that Rice secures the most favorable terms and highest possible value for the department or area. Subrecipient agreements, waivers of competitive bid requirements (also referred to as single or sole source procurements), and other purchasing and procurement activities or requirements for these activities not specifically referenced in this policy are addressed in the associated procedures.

Vendor Management

Rice University requires all vendors to submit to a standardized screening process to determine eligibility to conduct business with the University as an Approved Vendor. This eligibility will be verified on a periodic basis determined by the Controller’s office and the Office of Procurement. Specific elements that are essential to successful

qualification as an Approved Vendor include, but may not be limited to, a valid W-9, a verifiable business address, a successful review of federal compliance mandates regarding debarment or restrictions on eligibility, and a comprehensive review of past performance at Rice University, if applicable. Additionally, in cases where the vendor offers comparable goods or services that are already available from one or more Approved or Preferred Vendors, Purchasers may be required to justify consideration of inclusion of the additional vendor via written application.

Rice, whenever possible, shall make a good faith effort to utilize small or historically under-utilized businesses (HUB), especially within the local community. In cases where quality, performance, and price are all relatively equal with all suppliers considered for an opportunity, Rice expects employees and students to make good faith efforts to utilize HUB-certified businesses in the purchase of goods and services for the University.

Purchasing Methods

Purchasers have a specific set of methods and processes available to use as described in the procedures. The methods are designed and implemented to provide easy access, convenient transaction protocols, and complete accountability complimentary to the University's overall goals for the accurate accounting of funds. A critical part of the responsibilities of a Purchaser is to be familiar enough with the methods and processes so as to act as a responsible resource for their department when making decisions about spending. For Micro purchasing (Level 1), Rice expects Purchasers to use a purchasing card or the electronic procurement system only. For all purchases of goods beyond Micro purchasing, Rice expects the use of the electronic purchasing system unless the facts or circumstances render such use infeasible. (Services are generally covered by Professional Service Agreements or contracts.) Methods of purchasing and procurement that are inconsistent with this policy and related procedures are not appropriate.

Receipts and Settlement

Appropriate stewardship requires that Rice document that goods and services were received in accordance with the terms of the transaction. For all transactions, Rice requires settlement of the financial obligation created by the transaction. See the procedures for more detail on receipt settlement by purchase method.

Document Retention

In order to preserve an accurate and complete record of each transaction, Rice requires departments and areas to maintain reasonable and adequate records in accordance with this and other policies (see University Policy No. 812 on Records Management). Departments and areas are expected to maintain, either electronically or by hard copy, the documentation relating to a particular procurement in order to provide a record as to the terms, conditions, or other specifics of the transaction in question. Various document retention requirements may be specific to the purchasing method utilized and are detailed in the associated procedures.

Removal of Purchasing Authority

The ability to commit Rice resources creates high expectations of accountability and ethical behavior on the part of Purchasers. Failure to follow this policy or the associated procedures may increase costs to the University, undermine relationships with vendors and other third-parties, and may result in undue delay in payment to vendors. Failure to comply with this Policy and associated procedures may result in administrative and/or disciplinary actions, such as suspension or revocation of purchasing authority and assessing a financial charge to the respective department or area for additional services required to process payments.

Cross References to Related Policies

Rice University Policy No. 809 – Control of Equipment and Other Property
Rice University Policy No. 810 – Signature and Approval Authority for Contracts
Rice University Policy No. 812 - Records Management
Rice University Policy No. 838 - Conflict of Interest
Rice University Policy No. 840 - Payment Policy
Rice University Policy No. 307 – Issuing and Monitoring Subawards and Subcontracts

Responsible Officer

Vice President for Administration

Key Offices to Contact Regarding the Policy and its Implementation

Director of Procurement



David W. Leebron, President

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