

Methods of Procurement

For Goods & Non-Professional Services

\$200,000 and Under

Updated August 2020

Methods of Procurement

The University follows certain rules for procuring goods and non-professional services through the selection of appropriate vendors for all purchases. The University determines the most appropriate method of procurement based on the requirements and the total potential value of the goods/services requested.



This module will focus on the methods of procurement for goods and non-professional services valued up to and including \$200,000.

Methods of Procurement for Purchases over \$200,000 will be discussed in a separate module.

Competition Requirements

Recall from the Competitive Quote Requirements \$200k and Under Module:

Purchases \$10,000 and Under

- ▶ The University's **Single Quote Limit** and individual **Departmental Delegation** is \$10,000. Purchases up to \$10,000, *that are not on contract, and not exempt per the Small Purchase Procedures*, shall be made from a Department of Small Business and Supplier Diversity (DSBSD) certified **micro** business. A minimum of **ONE** quote is required from a certified micro business prior to purchasing.

Purchases between \$10,000 and \$200,000

- ▶ Purchases between \$10,000 and \$200,000 require more competition. Award preference is given to DSBSD-certified **Small** businesses.
- ▶ To accomplish the extra competition required, the University outlines different methods of Procurement for this value range based on the goods/services requested, *if the goods/services are not available on an existing contract or are not exempt from competitive requirements per the University's Small Purchase Procedures*.

The following slides detail the Methods of Procurement for purchases between \$10,000 and \$200,000.

Unsealed Bidding

An **Unsealed Invitation for Bid** shall be used to solicit bids or quotes for goods and non-professional services where award is solely predicated on price. UMW will solicit DSBSD-certified micro or small business sources, per the Certified-Business Quote Requirements, if available. Availability of DSBSD-certified micro or small businesses, as applicable, shall be documented in the procurement file.

Unsealed Proposals

An **Unsealed Request for Proposal** shall be used to solicit proposals for quotes for goods and non-professional services where award is based on a variety of criteria, including but not limited to price. Availability of DSBSD-certified businesses shall be documented in the procurement file.

- ▶ **Unsealed** refers to the fact that bids/proposals do not have to be submitted in an enclosed or SEALED package/envelope by the vendor, and they may be opened and reviewed upon receipt.
- ▶ A **Bid** is a competitively priced offer made by an intended seller based on clearly defined needs or specifications.
- ▶ A **Proposal** is an offer made by an intended seller which proposes a solution to a generally outlined need.

Sole Source Procurement

A **Sole Source Procurement** is authorized when there is only one source practicably available for the goods or services required. Competition is not available in a sole source situation; thus, distinguishing it from a proprietary purchase where the product required is manufactured by only one company, but may be sold through distributors and competition between them can be obtained. Sole Source justification based solely on a single vendor's capability to deliver in the least amount of time is not appropriate since availability alone is not a valid basis for determining a sole source procurement. The following elements are required to execute a sole source procurement.

Documentation

The sole source procurement record must include a written determination using the available Sole Source or Proprietary Purchase Template prior to purchasing.

Negotiation

After the sole source has been documented, a contract may be negotiated and awarded without further competition. Market research should be conducted to determine fair and reasonable pricing, and attempts at negotiating pricing should be conducted. It may be necessary for Procurement to negotiate business or legal terms and conditions that are favorable to the University and to comply with statutory requirements in order to execute a contract.

Approval & Reporting

Sole source procurement documentation must be reviewed, approved, and signed by the Procurement Services office prior to purchasing. Sole sources exceeding \$100,000 in total value, including any renewal options, must be reviewed by the University's Chief Procurement Officer or designee. Documented Sole Source procurements are designated with an S01 PO Category in eVA and those over \$50,000 in total value must be reported on the eVA VBO.

Emergency & Exigency Procurements

An **Emergency** is an occurrence of a serious and urgent nature that demands immediate action. Emergency procedures may be utilized only to purchase that which is necessary to cover the emergency. The potential loss of funds at the end of a fiscal year or impending due dates are not considered emergencies.

Emergency Procurements can take the form of a single or multiple purchases to address a one-time event (i.e. major leak in a residence hall) or multiple purchases over an extended period of time in situations of **Exigency** when there is the need to avoid, prevent, or alleviate serious harm or injury, financial or otherwise (i.e. the COVID-19 pandemic).

In the case of Exigency, a consolidated procurement strategy is recommended with Procurement Services taking point on purchasing to ensure all requirements for the situation are documented completely and properly.

Emergency & Exigency Procurements

The nature of the emergency determines the pre-award action that should be taken:

- ▶ For an emergency purchase required to protect personal safety or property, efforts should be directed to locating a source and authorizing the contractor to proceed. This does not relieve the University from securing a fair and reasonable price and subsequently documenting the procurement action taken.
- ▶ For types of emergencies not required to protect personal safety or property, competition should be sought to the extent practicable, to include verification of the vendor's qualifications, insurance coverage (if applicable), warranty, and any other data pertinent to the procurement.

As soon as practicable, after directing the contractor to proceed, a confirming purchase order should be prepared. Care should be taken to include in detail any agreement, including price, made orally with the contractor.

Prepare a written determination using the Emergency Purchase Form, indicating the nature of the emergency and reason for selection of the contractor awarded, to submit to Procurement Services. This determination, including the purchase order, will comprise the Emergency Procurement record.



Reverse Auction

Reverse Auctioning may be used when procuring goods or non-professional services, but not construction or professional services, wherein bidders are invited to bid on specified goods or non-professional services through real-time electronic bidding, with the award being made to the lowest responsive and responsible bidder.

During the bidding process, bidders' prices are revealed, and bidders have the opportunity to modify their bid price for the duration of the time period established for bid opening.



Public Auction

Upon a determination made in advance by the Institution and set forth in writing that the purchase of goods, products, or commodities from a **public auction** sale is in the best interests of the University, such items may be purchased at the auction, including online public auctions.

Exercise 1

For purchases valued between \$10,000 and \$200,000 that are not available on an existing contract and are not exempt from competitive requirements per the Small Purchase Procedures, what are the 6 different procurement methods that may be used?

Go to the next slide to show the answer.

Exercise 1

Answer:

1. Unsealed Bidding
2. Unsealed Proposals
3. Sole Source
4. Emergency
5. Reverse Auction
6. Public Auction

Exercise 2

Scenario:

You need to purchase a piece of equipment estimated not to exceed \$75,000, delivered price. You enlist the help of Procurement and research shows there are no existing contracts available from which to purchase the equipment; and it's not a commodity listed as exempt from competitive requirements. The equipment has standard manufacturer specifications with no variations or customizations needed and the market research shows that the equipment has only one manufacturer, however, is available from 3 suppliers (distributors). As the quality of the equipment is standard, price is going to dictate the award of this purchase.

Which method of procurement should you use for this item?

- A. Unsealed Proposals
- B. Unsealed Bidding
- C. Sole Source Procurement

Go to the next slide to show the answer.

Exercise 2

Answer:

B. Unsealed Bidding. The item is standard and available from more than one supplier and therefore cannot be justified as a sole source procurement. Since lowest cost dictates the award for this purchase without consideration for qualifications of the vendor, methodology for the solution, etc., unsealed proposals is not an appropriate method for procuring the equipment. Unsealed bidding is the most appropriate procurement method.