



Purchasing Manual

Purchasing Manual

This manual constitutes the policies and procedures by which Baylor University personnel will carry out purchasing, receiving and accounts payable functions.

The term "purchasing" is used generically to refer to the functions of buying materials and contracting for services. The University's Purchasing Department includes purchasing professionals who are trained in the purchasing functions; however, each University department will have one or more individuals who will perform certain purchasing functions. For the purposes of this manual and in implementing the policies and procedures contained herein, both of these groups are treated as "purchasers". Although budget department heads may delegate purchasing functions to one or more individuals within their department, they too are "purchasers" responsible for complying with these policies and procedures.

If you have a question about these policies and procedures, about how to start a purchase, about a supplier, or about any other purchasing related matter, Purchasing will be more than willing to help.

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Purchasing Objectives

Adherence to professional purchasing principles helps to ensure that quality goods and services are obtained in a timely manner at prices that both minimize Baylor's total cost and provide suppliers with a fair profit. To summarize, Baylor tasks purchasers with acquiring materials and services that are:

- Of the right quality
- In the right quantity
- At the right time
- From the right supplier
- At the right price

It is Baylor's objective to purchase products and services based on merit and the University's overall needs, regardless of source. Overall needs include the appropriate balance of cost, timeliness, quality, technical suitability, and economic diversity.

Ten Basic Objectives of the Purchasing Department

1. Support University operations with an uninterrupted flow of goods and services.
2. Foster a purchasing environment centered on ethics, honesty and stewardship - This involves open and honest communications with departments and suppliers, fair and impartial award recommendations, and an irreproachable standard of personal integrity on the part of all those designated as purchasing professionals.
3. Buy wisely - This involves a commitment to adding value to Baylor by continuously searching for the optimal combination of price, quality and service relative to Baylor's needs. This involves working to define Baylor's needs, not necessarily requests or desires, and reconciling those needs with suppliers' capabilities to achieve maximum value at minimum cost.
4. Buy competitively - involves keeping abreast of market forces affecting pricing and availability, understanding and helping to minimize a supplier's cost structure, and negotiating mutually-beneficial terms given a supplier's relevant costs.
5. Develop reliable and effective sources of supply - involves the identification, investigation, evaluation, and development of competent, responsive suppliers.
6. Develop good supplier relationships - involves maximizing the benefits accruing to Baylor as a result of supplier goodwill which include, but are not limited to, supplier cost structure information, access to supplier research and development efforts, advance notice of new product announcements, etc.
7. Achieve maximum integration with other Baylor departments - involves working to ensure satisfaction through understanding needs and providing value-added support.
8. Administer the purchasing function in a professional, cost effective manner - involves the development of highly competent personnel who are motivated to perform their responsibilities in a professionally and with a commitment to continuous improvement in helping Baylor expend funds in the most cost efficient manner.
9. Minimize inventory investment and losses to a practical level - involves minimizing inventory carrying costs and losses due to deterioration, obsolescence and theft through the use of proper scheduling, storing, and security.
10. Maintain good records and controls - involves maintaining appropriate transaction documentation to provide an audit trail and assure integrity.

Responsible application of the professional purchasing principles listed above can positively and dramatically affect Baylor's expenditures, supplier goodwill, and employee cooperation.

Purchasing Policy

Baylor University grants to individual departments the authority to make certain purchases with a departmental Purchasing Card if the total purchase is less than \$10,000 and within the department's available budgeted funds. Refer to "[Disallowed Purchases](#)" and "[Purchasing Card – Unauthorized Use](#)" policies to ensure that such purchases are not disallowed by Baylor and that the Purchasing Card is not being used for an unauthorized use. Contracts for services are covered under the "[Contracts for Services](#)" section of this Policy. Purchases funded by a sponsored project are covered under the "Purchasing Policy – Sponsored Projects" portion of this Policy.

Purchasing Thresholds (Non-Sponsored Project Expenditures)

Purchase Amount	Policy Requirements
< \$10,000	Competitive quotes are not required. Purchase is made using a Purchasing Card.
\$10,000-\$25,000	Department must obtain three (3) written quotes. A purchase order is required.
\$25,000-\$100,000	Procurement Services will obtain three (3) written quotes. A purchase order is required.
> \$100,000	Procurement Services will conduct a formal competitive bid process. A purchase order is required.

Purchasing Procedures

Purchases < \$10,000 (Non-Sponsored Project Expenditures)

1. For purchases less than \$10,000, the purchaser, using a departmental Purchasing Card, will award an order to the supplier.
2. While quote documentation is not required for purchases less than \$10,000, the purchaser is expected to exercise good stewardship of University funds and determine that the selected supplier is competitive with other suppliers offering similar goods.
3. If the supplier will not accept the Purchasing Card, upon receipt of the invoice, the purchaser will enter an online voucher into the University's financial system (TRAX) by keying in the required information and attaching a scanned copy of the invoice.
4. Voucher workflow within TRAX will route the voucher to the authorized departmental approver as maintained in the TRAX system for each department.
5. Within TRAX, the approver will approve the voucher or send it back to the preparer for correction or additional information. By approving the voucher, the approver is certifying that the invoice is approved for payment, has been properly entered into the voucher with the correct amount, is charged to the proper department number and account code, and includes correct descriptions, appropriate support, and other needed information.

6. Upon departmental approval, the voucher and invoice are routed within the TRAX voucher workflow to the Accounts Payable Office for final review and payment.
7. If the supplier requires a written purchase order or the department wants Procurement Services to assist with the purchase process, the department must prepare an online requisition. If no written purchase order or Procurement Services assistance is needed, no online requisition is required.

The preferred payment method for purchases less than \$10,000 is the Purchasing Card.

Purchases between \$10,000 and \$25,000 (Non-Sponsored Project Expenditures)

1. Prior to the order of goods, the purchaser is required to prepare an online requisition in TRAX and document three (3) written quotes by keying in the required information and attaching scanned copies of the quotes.
2. Requisition workflow within TRAX will route the requisition to the authorized departmental approver as maintained in the TRAX system for each department.
3. Within TRAX, the approver will approve the requisition or send it back to the preparer for correction or additional information. By approving the requisition, the approver is certifying that the purchase is approved, has been properly entered into the requisition with the correct amount, is charged to the proper department number and account code, and includes correct descriptions, appropriate support, and other needed information.
4. Upon departmental approval, the requisition is routed within the TRAX requisition workflow to Procurement Services for final review and processing. Procurement Services will review the documented written quotes, process a purchase order for the requisition, and order the goods.
5. When received, invoices for purchase orders will be entered into TRAX and voucher workflow will electronically route the voucher to the authorized departmental approver as maintained in the TRAX system for each department. By approving the voucher, the approver is certifying that the invoice is approved for payment, has been properly entered into the voucher with the correct purchase order reference and amount, is charged to the proper department number and account code, and includes correct descriptions, appropriate support, and other needed information.
6. Upon approval, the purchase order voucher and invoice are routed within the TRAX voucher workflow to the Accounts Payable Office for final review and payment.

Purchases between \$25,000 and \$100,000 (Non-Sponsored Project Expenditures)

1. Procurement Services will document three (3) written quotes. If a department elects to obtain written quotes apart from Procurement Services, scanned copies of the quotes must be attached to the requisition.
2. Prior to the order of goods, the purchaser is required to prepare an online requisition in TRAX, providing a description of the goods and an estimate of the cost.
3. Requisition workflow within TRAX will route the requisition to the authorized departmental approver as maintained in the TRAX system for each department.
4. Within TRAX, the approver will approve the requisition or send it back to the preparer for correction or additional information. By approving the requisition, the approver is certifying that the purchase is

approved, has been properly entered into the requisition with the correct amount, is charged to the proper department number and account code, and includes correct descriptions, appropriate support, and other needed information.

5. Upon departmental approval, the requisition is routed within the TRAX requisition workflow to the Budget Office for review and approval.
6. The requisition is then routed to Procurement Services for final review and processing. Procurement Services will review the documented written quotes, process a purchase order from the requisition, and order the goods.
7. When received, invoices for purchase orders will be entered into TRAX by Accounts Payable. TRAX voucher workflow will electronically route the voucher to the authorized departmental approver as maintained in the TRAX system for each department. By approving the voucher, the approver is certifying that the invoice is approved for payment, has been properly entered into the voucher with the correct purchase order reference and amount, is charged to the proper department number and account code, and includes correct descriptions, appropriate support, and other needed information.
8. Upon approval, the purchase order voucher and invoice are routed within the TRAX voucher workflow to the Accounts Payable Office for final review and payment.

Purchases over \$100,000 (Non-Sponsored Project Expenditures)

Purchasers must contact Procurement Services prior to the ordering of goods over \$100,000.

Purchasing Policy - Sponsored Projects

Sponsored project purchases shall be made in accordance with the following, unless the sponsored project agreement is more restrictive, in which case purchases shall be made in accordance with the sponsored project agreement. For example, a sponsored agreement may encourage the use of good faith efforts to purchase from Historically Underutilized Businesses (HUB) or suppliers in Texas (Buy Texas) to the extent reasonably possible. It is the responsibility of the project principal investigator or administrator to be aware of and in compliance with the specific contract or grant requirements. Refer to ["Disallowed Purchases"](#) and ["Purchasing Card – Unauthorized Use"](#) policies to ensure that such purchases are not disallowed by Baylor and that the Purchasing Card is not being used for an unauthorized use. Contracts for services are covered under the ["Contracts for Services"](#) section of this Policy.

Purchasing Thresholds (Sponsored Project Expenditures)

Purchase Amount	Policy Requirements
< \$10,000	Competitive quotes are not required. Purchase is made using a Purchasing Card
\$10,000-\$25,000	Department must obtain three (3) written quotes. A purchase order is required.
\$25,000-\$100,000	Procurement Services will obtain three (3) written quotes. A purchase order is required.
> \$100,000	Procurement Services will conduct a formal competitive bid process. A purchase order is required.

Purchasing Procedures

Purchases < \$10,000 (Sponsored Project Expenditures)

1. For purchases less than \$10,000, the purchaser, using a departmental Purchasing Card, will award an order to the supplier
2. While quote documentation is not required for purchases less than \$10,000, the purchaser is expected to exercise good stewardship of University and sponsored project funds and determine that the selected supplier is competitive with other suppliers offering similar goods.
3. If the supplier will not accept the Purchasing Card, upon receipt of the invoice, the purchaser will enter an online voucher into the University’s financial system (TRAX) by keying in the required information and attaching a scanned copy of the invoice.
4. Voucher workflow within TRAX will route the voucher to the authorized sponsored project principal investigator or administrator, as maintained at the project level in TRAX for each sponsored project.
5. Within TRAX, the sponsored project principal investigator or administrator will approve the voucher or send it back to the preparer for correction or additional information. By approving the voucher, the principal investigator or administrator is certifying that the invoice is approved for payment, has been properly entered into the voucher with the correct amount, is charged to the proper project number

and account code, and includes correct descriptions, appropriate support, and other needed information.

6. Upon approval, the voucher and invoice are routed within the TRAX voucher workflow to the Accounts Payable Office for final review and payment.
7. If the supplier requires a written purchase order or the department wants Procurement Services to assist with the purchase process, the department must prepare an online requisition. If no written purchase order or Procurement Services assistance is needed, no online requisition is required.

The preferred payment method for purchases less than \$10,000 is the Purchasing Card.

Purchases between \$10,000 and \$25,000 (Sponsored Project Expenditures)

1. Prior to the order of goods, the purchaser is required to prepare an online requisition in TRAX and document three (3) written quotes by keying in the required information and attaching scanned copies of the quotes.
2. Requisition workflow within TRAX will route the requisition to the authorized sponsored project principal investigator or administrator, as maintained at the project level in TRAX, for each sponsored project.
3. Within TRAX, the sponsored project principal investigator or administrator will approve the requisition or send it back to the preparer for correction or additional information. By approving the requisition, the sponsored project principal investigator or administrator is certifying that the purchase is approved, has been properly entered into the requisition with the correct amount, is charged to the proper project number and account code, and includes correct descriptions, appropriate support, and other needed information.
4. Upon approval, the requisition is routed within the TRAX requisition workflow to the Office of Sponsored Projects for review and approval.
5. The requisition is then routed within the TRAX requisition workflow to Procurement Services for final review and processing. Procurement Services will review the documented written quotes, process a purchase order for the requisition, and order the goods.
6. When received, invoices for purchase orders will be entered into TRAX and voucher workflow will electronically route the voucher to the authorized sponsored project principal investigator or administrator. By approving the voucher, the approver is certifying that the invoice is approved for payment, has been properly entered into the voucher with the correct purchase order reference and amount, is charged to the proper project number and account code, and includes correct descriptions, appropriate support, and other needed information.
7. Upon approval, the purchase order voucher and invoice are routed within the TRAX voucher workflow to the Accounts Payable Office for final review and payment.

Purchases between \$25,000 and \$100,000 (Sponsored Project Expenditures)

1. Procurement Services will document three (3) written quotes. If a department elects to obtain written quotes apart from Procurement Services, scanned copies of the quotes must be attached to the requisition.

2. Prior to the order of goods, the purchaser is required to prepare an online requisition in TRAX providing a description of the goods and an estimate of the cost.
3. Requisition workflow within TRAX will route the requisition to the authorized sponsored project principal investigator or administrator, as maintained at the project level in TRAX for each sponsored project.
4. Within TRAX, the sponsored project principal investigator or administrator will approve the requisition or send it back to the preparer for correction or additional information. By approving the requisition, the sponsored project principal investigator or administrator is certifying that the purchase is approved, has been properly entered into the requisition with the correct amount, is charged to the proper project number and account code, and includes correct descriptions, appropriate support, and other needed information.
5. Upon approval, the requisition is routed within the TRAX requisition workflow to the Office of Sponsored Projects for review and approval.
6. The requisition is then routed to Procurement Services for final review and processing. Procurement Services will review the documented written quotes, process a purchase order from the requisition, and order the goods.
7. When received, invoices for purchase orders will be entered into TRAX and voucher workflow will electronically route the voucher to the authorized sponsored project principal investigator or administrator. By approving the voucher, the approver is certifying that the invoice is approved for payment, has been properly entered into the voucher with the correct purchase order reference and amount, is charged to the proper project number and account code, and includes correct descriptions, appropriate support, and other needed information.
8. Upon approval, the purchase order voucher and invoice are routed within the TRAX voucher workflow to the Accounts Payable Office for final review and payment.

Purchases over \$100,000 (Sponsored Project Expenditures)

Purchasers must contact Procurement Services prior to the ordering of goods over \$100,000.

Exceptions to Policies

Any exception to the policies and procedures contained in the Purchasing Manual requires approval from the Dean for academic departments or the appropriate Assistant Vice President for administrative departments.

Sole Source Provider

It may be necessary to procure equipment, supplies or service from a sole vendor source. This means that there is only one source of supply for your purchase requirement. This should be the exception rather than the normal rule.

Examples of sole source procurement are:

- Items which must be compatible with existing equipment or systems and are available only from the original manufacturer.
- Items that have specific features essential for the completion of the task or project at hand that are available from only one source of supply.

Justification will include features requested which are essential for the intended use that other manufacturers of like products do not have. Exterior size will only be used if space available is critical. Preference for one vendor, product or service following any market studies, quotation, acquisition or demonstration/testing by a department does not constitute a sole source. These preferences must be determined through a competitive RFB/RFP process issued by Purchasing.

Submission of sole source justification, brand name and other essential data, even though accepted by Purchasing, does not negate the requirement to obtain pricing confirmation from the specified vendor which may be in the form of a written bid.

Information as to why the item is needed pertains to budget justification and is not acceptable for a sole source determination. Remember that if your requirement is available from more than one source, it is not considered a sole source.

Split Orders

It is a violation of Baylor policy to split individual orders into multiple smaller orders for the purpose of circumventing this policy. There will be no exceptions to this policy.

Sponsored Programs

When a purchase is for a sponsored project, the terms may be more stringent. It is the responsibility of the project director (director of an activity that is funded by extramural funding) to be aware of and in compliance with the specific contract or grant requirements.

Tax-Exemption

Baylor is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. When dealing with a supplier, they need to be made aware of this fact. If a supplier requests Baylor's tax-exempt information, fax or mail them our Texas Sales and Use Tax Exemption Certification form. Contact the Controller's Office (710-3731) for a completed form for the specific supplier.

Purchasing Procedures

The purchasing process involves:

- Defining and communicating the need underlying the purchase request.
- Identifying, evaluating, and selecting the supplier.
- Awarding and administering the Purchase Order or contract.
- Ensuring that necessary controls are in place and that University personnel are complying with ethical codes of conduct, Baylor policies and procedures, and applicable local, state, and federal laws.

Needs Analysis

The purchasing requirement originates when a Baylor faculty or staff member identifies an organizational need for materials or services. These needs are communicated through the use of a Requisition. Every Requisition must be reviewed and approved by the appropriate level of management as required by Baylor's Signature Authorization Form to ensure the requested expenditure is needed, budgeted, and correctly coded. It is the department purchaser's responsibility to check the Requisition to ensure accuracy and completeness, including internal data such as valid accounting information and approval of the proper level management.

The department purchaser also determines that the appropriate description has been used to guarantee a satisfactory purchase for the department and, at the same time, provide all possible latitude in the selection of the grade/brand of product or service chosen to fill the department's need.

Budgetary Responsibility

It is the responsibility of each department to determine that funds are available within the proper expenditure category within the department's budget before an actual commitment to purchase occurs. If funds are not available, the department must submit a Budget Change Request (BCR) form to the Budget Office for a budget change or allocation through the appropriate approval channels in accordance with the Signature Authorization Form. Budget allocation requests are submitted to the appropriate Vice President for consideration.

Accounts Payable

Paying suppliers for material and/or services rendered according to applicable terms is the natural culmination of the purchasing process. Baylor policy mandates that the accounts payable function be performed by an individual other than the persons responsible for either the purchasing or receiving functions to ensure proper separation of duties.

- After an invoice is submitted by the department to the Accounts Payable Office, the Accounts Payable Office is responsible for verifying that the appropriate approval has occurred and that the proper documentation for payment exists.
- Upon approval of an invoice by the department, the Accounts Payable Office is authorized to pay an invoice that exceeds the Purchase Order by no more than 10%, or \$250, whichever is the lesser amount. Such an overage could result from quantity variances, price variances, or freight or shipping charges.
- Once these tasks have been completed, the Accounts Payable Office will prepare a check to the supplier according to established terms.
- A copy of the check with the invoice and Purchase Order attached will be filed by supplier name.

Audit and Compliance

Failure to comply with purchasing policies and procedures may result in disciplinary action up to, and including, termination and prosecution to the fullest extent of applicable local, state, and federal laws.

Invoice Approval

For all invoices, the appropriate department representative should approve in accordance with the Signature Authorization Form.

- The department representative will verify the invoice data and ensure that the invoice data matches the Purchase Order or contract for each item or service ordered with respect to:
 - Price
 - Manufacturer part number and part description
 - Quantity ordered, shipped, and received
 - Services provided
- In the event the invoice does not match the Purchase Order, contract, or what was received, it is the department's responsibility to resolve the discrepancy with the supplier. Purchasing will assist the department as needed.
- Any items not needed should be returned to the supplier for proper credit and re-invoicing after receiving a return authorization from the supplier.
- If the items are needed and the department chooses to keep them and if the invoice exceeds the Purchase Order or contract by more than 10% (or \$250, whichever is the lesser amount) or more, the department must prepare a supplemental on-line Requisition.
- This Requisition must reference the previous Requisition and Purchase Order. The supplemental Requisition will be for the increased amount over the original Requisition.
- The department representative should notify Purchasing and Accounts Payable and send the approved invoice to the Accounts Payable Office for payment.
- Approved invoices not requiring a supplemental Requisition should be sent directly to the Accounts Payable Office for payment.

Receiving

The next step in the purchasing cycle is receipt, inspection, and acceptance of ordered material.

- Ordered materials should normally be delivered directly to the department or another designated location on campus.
- Hazardous materials should be shipped directly to the user department.
- For certain material, it may be more appropriate to have them delivered to Baylor University Central Receiving, 1919 South 1st Street, Waco, TX 76706. For example, materials that need to be assembled or materials that weigh more than 50 pounds should be shipped to Central Receiving. The department personnel or the Central Receiving personnel will perform the following duties:
 - Verify packing slip information - Compare packing slip with on-line Purchase Order to verify that the materials ordered was shipped.
 - Inspect shipment - Inspect incoming package for damage and, if found, note it on the bill of lading or otherwise communicate to the carrier.
 - Verify shipment quantity/quality - Compare package content to packing slip and Purchase Order to verify that the correct, undamaged quantity of material has been received.
 - Notify Purchasing /Accounts Payable/Requisitioner - Notify these departments if there is damage, incorrect materials, incorrect quantity, or incorrect quality for this shipment.
 - Receive shipment - Sign packing slip and submit to department representative responsible for approving invoices.
 - Deliver shipment, if applicable - Deliver package to ordering department.

Standing Orders

If the department has need of purchasing repetitive, specified services or items from a single supplier, a Standing Order (SO) can be initiated in order to obtain more favorable pricing or service through volume commitments. This allows a department to quickly request delivery of goods and services and avoids the cost of additional PO's to the supplier.

The SO is limited to a certain amount for the entire year and does not represent a free license to buy goods or services not specified on the original requisition.

Supplier Evaluation

When a completed and properly authorized Requisition has been prepared, the process of identifying, developing, evaluating, and selecting a supplier begins. In the case of routine items for which supplier relationships have already been developed, little additional investigation may be required to select a good source. The purchase of, or contract for, a new or high-value good or service, on the other hand, may require a lengthy investigation of potential suppliers. After selecting a preliminary group of potential sources, the purchaser may employ the techniques of competitive bidding or negotiation or both to help select a supplier.

For subcontract service receiving grant funds, the Grants Accounting Office will determine that the suppliers are not on the List of Parties Excluded from Federal Procurement or Non-procurement Programs issued by the General Services Administration.

Suppliers and contractors receiving award to do business with Baylor University for \$25,000 or greater will be required to submit written certification that the organization and its principals are not debarred, suspended, or proposed for debarment by the Federal Government. In addition, suppliers and contractors granting first-tier sub-awards (contracts) for \$25,999 or greater will be required to obtain a written certification at the time of award of the subcontract, stating that neither the subcontractor nor its principals is debarred, suspended, or proposed for debarment by the Federal Government. This requirement is in accordance with Executive Orders 12549 and 12689, "Debarment and Suspension" (Circular No. A-110 Revised).

Competitive Bidding

When competitive bidding is used, the purchaser initiates the procedure by requesting bids from a selected group of suppliers with whom the University is willing to do business. The bid form typically contains the same basic information that is included on the Purchase Order and is sent to a minimum of three potential suppliers. When utilizing competitive bidding, the purchaser will award the purchase to the supplier submitting the lowest evaluated bid.

The lowest evaluated bid is that proposal which represents the optimal combination of quality, delivery, service, price, and any other factor critical to the purchase. When all bids are evaluated in this manner, selection of the lowest evaluated bid will result in acquiring maximum value for Baylor at the lowest total cost.

With regard to the competitive bidding process, the Baylor purchaser must respect and maintain the integrity of the competitive bidding process by:

- Requesting bids from only those suppliers to whom the purchaser is willing to award an order or contract.
- Notifying prospective bidders of all factors that will be evaluated in selecting the successful bid and awarding the order or contract to the lowest evaluated bidder according to those terms.
- Maintaining confidentiality of all supplier information.
- Treating all bidders alike, ensuring that all clarifying information is given to all potential bidders.

- Not accepting bids after the announced bid closing date and time.
- Not taking advantage of apparent mistakes in a supplier's bid.
- Not "shopping" or conducting auctions for lower prices by pitting bidders against one another after bids have been submitted.

It is ethical for the purchaser to work with the lowest evaluated bidder in an effort to identify methods to allow the supplier to reduce its cost structure and pass the resulting savings on to Baylor.

Determining Procurement Method

A major factor in the planning process of any purchase is the procurement method that is to be utilized. For example, there are significant differences in lead times when considering either a Request for Bid or a Request for Proposal. Procurement Services can provide assistance in selection of the procurement method and in the due diligence process itself.

Request for Qualifications (RFQ)

A document issued to prospective bidders to develop a short list of most qualified bidders to compete in the RFP process.

Request for Information (RFI)

A non-binding document issued to obtain information about the products/services offered by prospective vendors. RFIs are not generally used to obtain price information but may be used as a means to pre-qualify vendors and to assist in the development of either an RFQ or RFP.

Request for Bid (RFB)

A document issued to prospective bidders to obtain pricing for a specified quantity of an identified product. Specifications in the request should include availability and delivery requirements as well as acceptable order terms such as warranty period, return policies, payment of shipping costs, etc. For Baylor's general terms and conditions, go to terms.

Request for Proposal (RFP)

A document issued to prospective bidders requesting a "best solution" based on specifications and a defined scope of work. Evaluation of proposals involves a team effort and typically includes consideration of lowest price and other weighted evaluation criteria listed in the RFP.

When Should a Request for Proposals Be Utilized?

A formal RFP is not required for goods or services when price is the sole justification. In general, an RFP is needed when the product/service required and the expected contract performance, terms, and conditions cannot be completely described by a detailed specification attached to a purchase order. Because of the time commitment involved in the RFP process, this procurement method should normally be utilized when the procurement of a product or service will exceed \$100,000 annual cost to the University.

The table below is provided to assist in making the appropriate choice in selection of a procurement method. As a reminder, departments should first refer to any current applicable agreements directing them to use a specific supplier.

Overview of the RFP Process

The RFP process begins with identifying a need for goods or services, examining historical usage, identifying prospective bidders, identifying customers/ departments and selecting an evaluation committee. Next steps include the development of a scope of work, identification of evaluation criteria, and writing the RFP to include Terms & Conditions and a timeline for deliveries.

If needed, a pre-proposal conference may be held to answer questions and refine the requirements of the RFP. This is also an excellent time to conduct site visits to familiarize bidders with the work site. Any changes to the RFP are issued as Addenda.

After proposals are received, the evaluation committee scores each proposal against the evaluation criteria and, based on the scoring, provides a recommendation for award. Presentations by bidders may be required for clarification.

Procurement Method	Use When	Advantages	Disadvantages
Request for Bid	<p>Lots of competition exists.</p> <p>The product or service is available from more than one source.</p>	<p>Award process is simpler.</p> <p>Award is made to the responsive qualified bidder providing the best value.</p>	<p>Defined specifications may be difficult to develop.</p> <p>Does not always encourage innovative solutions.</p>
Request for Proposal	<p>Factors other than price are evaluated.</p> <p>Negotiations are desired.</p> <p>Prospective bidder is expected to provide innovative ideas.</p>	<p>Allows for customized proposals suggesting different approaches to the same business need.</p> <p>Allows for negotiations in order to obtain the best value.</p>	<p>Lead times for procurement are much longer.</p> <p>Evaluations are more complex.</p>
Request for Qualifications	<p>Selection is made solely on skills and qualifications of the prospective bidder.</p> <p>Price is not a factor until after a firm is selected.</p>	<p>Emphasizes the competency of the prospective bidder.</p>	<p>Firms are selected before price is negotiated.</p>
Request for Information	<p>There is insufficient information to write specifications for any procurement method.</p>	<p>Provides information to prepare a complete bid or proposal document.</p> <p>Identifies any potential problems early in the procurement process</p>	<p>Lengthens the procurement process.</p>

Contracts for Goods and Services

All contracts to be entered into by Baylor University should be in writing and must be entered into Total Contract Manager ("TCM") for review, approval, execution, and management. This includes both financial and non-financial agreements, such as purchases of goods and services, internship agreements, Memorandums of Understanding, etc.

For contracts involving purchases of goods or services in the amount of \$24,999 or greater, the department should reference the TCM contract record number when submitting an on-line Requisition for approval. The contract should be executed by both parties before submitting the Requisition. Upon approval of the Requisition, the Procurement Services Office will issue a Purchase Order.

Payment under Contracts - The departmental purchaser must ensure that all services are performed satisfactorily according to the terms of the contract.

There will be no exceptions to this policy. It is a violation of Baylor policy to split individual contracts into multiple smaller contracts for the purpose of circumventing this policy

Donations or Contributions

Purchasing decisions should in no way be influenced by donations or contributions made by businesses with whom the University may or may not do business. Donations and contributions should come without any expectation of preferential treatment during any purchasing activity. Any Baylor personnel who gives a supplier preferential treatment based on their status as a donor has:

- Violated University policy.
- Committed a serious ethical violation in cases where private funds are used for the purchase.
- Violated Federal or State laws in cases where Federal or State funds are used.

Ethics

Purchasers in any organization have ethical obligations. At Baylor, purchasers are required to adhere to a professional code of conduct that requires they:

- Act as Baylor's Agent - Consider Baylor's interest in all transactions. Purchasers must accept and carry out Baylor's established policies insofar as they are consistent with ethical standards of business conduct and applicable laws and obtain the maximum value for each dollar of expenditure in an open and competitive manner while treating all suppliers courteously, fairly, and without bias or prejudice.
- Act Ethically - Subscribe to, and work for, honesty and truth in buying and selling and denounce all forms and manifestations of commercial and government gratuities. Purchasers must not become involved in any situation that results in a conflict of interest or sense of personal obligation to any supplier.
- Act with Integrity - Respect, honor, and enforce Baylor's obligations to its suppliers and ensure that suppliers' obligations to Baylor are honored and consistent with good business practice.

Due to the fiduciary responsibility entrusted them by Baylor, Baylor's purchasers are held individually accountable for adhering to this code and ensuring documentation is filed demonstrating this compliance for every purchasing transaction. In addition, they must comply with the University's Conflict of Interest Policy.

University funds are to be used only for University business-related purchases. For a description refer to "Disallowed Purchases".

Disallowed Purchases Policy

Policy Purpose

Baylor University has adopted this Disallowed Purchases Policy for the following reasons:

- To ensure proper stewardship and use of University funds.
- To ensure all employees are treated equitably on a consistent basis.
- To reduce the risk of failure to meet compliance requirements set by outside granting agencies and regulatory groups, such as the National Science Foundation, Internal Revenue Service, etc.
- To maintain the reputation of the University in both internal and external constituents' perspectives.

All Baylor employees are to be good stewards of and properly manage University funds, and it is expected that all employees will comply with this policy. The President or a Vice President has authority to determine whether an expense fulfills the mission of the University and should be paid/reimbursed.

Departments and/or grants may impose further restrictions upon employees/grantees in addition to those listed below. Employees/grantees should check with their respective departments/grant documents after reviewing this policy to ensure compliance.

For purposes of this policy, University funds include both unrestricted and restricted funds.

Policy Statement

University funds should not be used for the following purposes:

- Any purchase that reflects unfavorably upon the University and its core values, such as alcoholic beverages.
- Personal gifts to faculty, staff, students, vendors or regents. Gifts to students may have an unintended effect on financial aid, and gifts to faculty, staff, vendors and regents may have taxable income consequences and/or create reporting requirements. Prohibited gifts include, but are not limited to, any and all forms of property, including money, most gift certificates, and tangible personal property. Non-cash gifts of de minimis value may be allowable. Please review the "Frequently Asked Questions" below for further guidance.
- Non-work-related departmental, school/college, or divisional luncheons, dinners, or parties/celebrations/receptions. Examples of such events include, but are not limited to the following:
- Birthdays (including recognizing a group of employees whose birthdays fall within a single month) or anniversaries; Childbirth or adoption, engagements, weddings, baby showers, housewarming, etc.
- Christmas cards or similar holiday type greeting cards, except for the purpose of developing or maintaining a contact and relationship with University donors.
- Solicited/unsolicited donations or political contributions.

Baylor University is classified as a 501(c)(3) tax-exempt institution and the IRS limits the entities that such an institution may donate to, and the purposes for which it may donate, without the loss of its tax-exempt status.

Frequently Asked Questions

Q: What is de minimis value?

A: Non-cash gifts of de minimis value which fulfill a reasonable and necessary business purpose to carry out the mission of the University are allowable. De minimis is defined by IRS as any property or service the value of which is (considering the frequency with which it is provided) so small as to make

accounting for it unreasonable or administratively impracticable. For the purpose of this policy, de minimis value means items having an annual cumulative value of \$100 or less provided to an individual over a calendar year basis. Additionally, the benefit must not be provided to an individual with any regular frequency.

- Cash or reimbursements for non-cash gifts are never considered de minimis in value and are not allowed.
- Gift certificates or gift cards, such as an American Express gift card or Visa gift card (regardless of value), are considered by the IRS as cash equivalents and thus not an allowable purchase.
- Gift certificates or cards that are redeemable for a large variety of items, such as a Wal-Mart gift card or an Amazon gift card, are also like a cash equivalent and are not allowed.
- Gift certificates or gift cards that can be applied to purchase one specific item are allowable by the IRS if de minimis. For example, a gift certificate specifically for a CD would be allowed, but not a gift card to a store which sells CDs and other items such as books, DVDs, etc. A single purpose gift certificate for a meal at a restaurant would be allowed if de minimis.

Q: Can I use University funds for work related events?

A: A department, school/college, or division may hold work-related luncheons, dinners, or other celebrations, on an infrequent basis, to recognize the accomplishment of a major goal or initiative or to promote enhanced working relationships, e.g. a dinner to welcome new faculty members, a luncheon to recognize administrative assistants on Administrative Professionals Day, or an annual Christmas party. In holding such events, budget managers are expected to be good stewards of the University's resources.

Q: Can I use personal funds for gifts, cards, or for events not related to work?

A: The University has no policy on how individuals spend their own personal funds. Individuals may use personal funds to purchase cards, fund a party not related to work, or purchase flowers, etc. if they wish.

Q: What is the procedure for the University to send flowers and cards for a death or hospitalization?

A: There are established procedures for sending flowers and cards from the University through the Procurement Services Office.

- The University will send flowers for the death of any faculty/staff member or member of the faculty/staff member's immediate family (spouse, child, parent, or sibling).
- The University will send flowers for the hospitalization of any faculty/staff member or their spouse or child. (For hospitalization due to childbirth, a Baby Bear basket may be requested in lieu of flowers).
- In the case of the death of a family member other than the immediate family, e.g., grandparent, a sympathy card will be sent.

Violations of this Disallowed Purchases policy may be reported using the University's Ethics Reporting hotline on the web at <https://secure.ethicspoint.com/domain/media/en/gui/6771/index.html>, or by dialing toll-free 866-384-4277.