

Purchasing Common Goods and Services

(Policy MM0001)

I. Purpose/Scope of the Policy

It is the practice of the University to meet its need for goods and services at the lowest overall cost, while affording the maximum opportunity practicable to those who wish to become suppliers to the University.

The following policy applies to purchases of common goods and services only. Other business-related contracts, including real estate leases/rentals, copyright licenses (for use of software, music, plays, etc.), independent consultants, and performance agreements are handled through Central Purchasing; see UCSC Policy BUS0001: *Responsibility for Business Contracts*. All purchases of common goods and services shall be executed on purchase orders. The following goods and services shall be executed on the forms specified below.

COMMODITY	CORRECT FORM	RESPONSIBLE CAMPUS UNIT	UCSC Policy or Procedure
Design Professionals	Agreement	P.P. & C. (Senior Architect)	
Maintenance/Replacement	Work Order	Physical Plant (Work Order Desk)	
Building alterations	CFR	P.P. & C. (Senior Architect)	
External Auditors	Agreement	Internal Audit Office (External Audit Coordinator)	
External Counsel	Agreement	General Counsel (Office of General Counsel)	
Incidental Personal Services (see definitions)	Personal Services Short Form Agreement	Materiel Management (Director of Materiel Management)	Policy: MM0004

This policy provides guidelines for the purchases of common goods and services, including (A) general provisions, (B) authority to purchase, and (C) method of source selection.

II. Detailed Policy Statement

A. General Provisions

1. No employee of the University shall make, participate in, or attempt to influence any purchasing decision if the employee knows or has reason to know that he/she has a financial interest in the outcome of that decision. See **Policy MM0003: *Employee-Vendor Relationships and Conflict of Interest***.
2. Purchases of goods or services shall not be made from any employee unless there has been a specific determination by the Director of Materiel Management that (a) the goods or services are not available either from commercial sources or from the University's own facilities, (b) no conflict of interest exists, and (c) no University time, materials, equipment, or facilities have been or will be used in connection with any resulting purchase order or contract. See **Policy MM0003: *Employee-Vendor Relationships and Conflict of Interest***.
3. For all purchases, the price paid must be determined to be reasonable. It is the responsibility of the buyer approving the purchase to make this determination.
4. Purchase requirements shall not be artificially divided to avoid the review and approval of Central Purchasing or avoid competition.
5. Goods and services covered by Primary Planned Purchasing or campus agreements shall not be purchased from other sources unless the exception involves special delivery requirements or substantial differences in specifications which preclude the use of the contract source. Any exceptions must be approved by the Director of Materiel Management.
6. Competition may be required at any time if the Director of Materiel Management determines it necessary to develop a source, validate prices, standardize purchases or for other compelling reasons.

B. Authority to Purchase

1. **Purchases of unrestricted goods and services up to \$500** may be made by UCSC personnel who have been granted delegations in writing by the appropriate administrative official.
2. **Purchases of unrestricted goods and services up to \$2,500** may be made by UCSC Service Center personnel who have been granted expanded purchasing authority. The expanded purchasing delegation shall require (a) observance of good business practices, (b) compliance with University and campus purchasing policies and procedures, and (c) successful completion of specialized training sessions.
3. **Purchases of goods and services over \$2,500 and all restricted goods and services** shall be made by UCSC Central Purchasing in accordance with good business practices and University and campus purchasing policies and procedures.

C. Method of Source Selection

1. **Purchases of unrestricted goods and services up to a maximum of \$2,500** require only one quotation.
2. **Purchases between \$2,501 and \$50,000** may be made by negotiating a reasonable price or by soliciting informal quotations. The use of negotiation does not preclude the use of competitive methods; however,

competitive bidding need not be the predominant method for transactions in this price range.

3. **Purchases over \$50,000:** Unless otherwise authorized by law, all purchase contracts for goods, materials, and services, other than personal or professional services, of more than \$50,000 annually shall be awarded by formal competitive bidding to the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the request for quotations, or else all bids will be rejected. The lowest responsible bidder is determined on the basis of: cost alone, or on a cost per quality point basis.
4. **Exceptions:** The requirement for competitive bidding of goods and services in excess of \$50,000 shall not apply when the Director of Materiel Management determines that:
 - a. only one supplier sells a product or service that will properly meet the needs of the University within the time available (usually applicable to emergency and other situations which preclude conventional planning and processing).
 - b. only one supplier sells a product or service that will properly meet the needs of the University because the item or service is unique.
 - c. only one supplier sells a product or service that will properly meet the needs of the University because the item or service is designated to match others used in a particular location.
 - d. only one supplier has the exclusive right to manufacture and sell a product or service and that product or service is the only one that will properly meet the needs of the University.

Note: When competitive bids are not solicited, the reason for not seeking competition shall be documented.

III. Definitions

Common Goods: Standard commercial equipment, materials, and supplies readily obtainable through conventional commercial marketing channels.

Common Services: Standard services readily obtainable from competent independent contractors. The selection of the independent contractor providing common services is usually based on price (i.e., the lowest quote meeting specifications wins the bid). Examples include equipment maintenance and repair, data processing, protection and security, and installation services.

Expanded Purchasing Delegation: A written authorization granted by the Director of Materiel Management to individuals outside Central Purchasing, delegating the authority to make purchases of unrestricted goods and services in amounts up to \$2,500 per order, excluding transportation costs and sales or use tax.

Formal Bid: A bid that must be submitted in a sealed envelope and in conformance with a prescribed format, to be opened at a specified time.

Incidental Personal Services (Low Risk, Low Cost): A service is considered low-cost if it is under \$500 and low risk if it is unlikely to result in physical injury or any other significant liability to the University.

Independent Consultant: An independent consultant is an individual or organization outside the University of recognized scientific, professional or technical competence who provides primarily written and/or oral professional or technical advice in an independent contractor relationship. The services of independent consultants are secured with an Independent Consultant Agreement. See Policy MM0004: *Purchasing Personal and Professional Services*, and Procedure BUS0003: *Independent Consultants*.

Independent Contractor: An individual, agency, or business outside the University which performs a service for another. The service may or may not produce a tangible product.

Informal Quotation: An unsealed competitive offer conveyed by telephone, telegram, fax, or in writing and under conditions different from those required for formal bidding.

Personal and Professional Services: Infrequent, technical, or unique functions performed by an independent contractor. The selection of an independent contractor providing personal and professional services is usually based on skill, knowledge, reputation, and creativity. Price may be a secondary factor in the selection. Examples of personal services are translation, technical writing and editing, art modeling, and group discussion leaders. Examples of professional services include accountants, appraisers, archaeologists, architects, attorneys, consultants, engineers, physicians, researchers, and real estate brokers. See Policy MM0004: *Purchasing Personal and Professional Services*.

Reasonable Price: A reasonable price does not exceed that which would be incurred by a prudent person in the conduct of a competitive business. Reasonable price can be established by competition, market test, price or cost analysis, or the experience and judgment of the buyer. Such judgment considers total value to the University. There is value to the University in purchases which meet the University's needs, such as those involving service, quality, quantity, and delivery. A reasonable price need not be the lowest price available, but is one which offers the highest total value to the University.

Request for Bids (RFB): The document used for soliciting formal bids.

Request for Information (RFI): The document used in informal, uncompetitive solicitation of information, data, comments, or reactions from possible suppliers preceding the issuance of a Request for Proposals.

Request for Proposals (RFP): The document used to solicit competitive proposals. The RFP is usually used to solicit proposals for personal and professional services.

Request for Quotations (RFQ): The document generally used for soliciting informal quotations.

Responsible Bid/Quotation: A bid/quotation submitted by a bidder who has the capability in all respects to fully perform the contract requirements and whose integrity and reliability will assure good faith performance. Factors considered in evaluating responsibility may include: financial resources, past performance, delivery capability, experience, organization, personnel, technical skills, operations controls, equipment, and facilities.

Responsive Bid/Quotation: A bid/quotation which conforms in all material respects with the requirements set forth in the request for bids/quotations.

Restricted Goods and Services: Certain goods and services must be purchased by buyers in Central Purchasing. These restricted goods and services include: firearms and explosives, ethyl alcohol, controlled substances, personal and professional services over \$500, unapproved caterers, vehicle leases/rentals, equipment leases/rentals, all charters (including boat and bus).

IV. Getting Help

The campus Central Purchasing provides training and assistance to campus units (including help with completing forms, carrying out procedures, or interpreting policy).

If you need help with ...	Contact ...
...developing specifications	Central Purchasing, x92311.
...approved caterers	Central Purchasing/Director of Materiel Management, x92084.
...Employee-vendor relationships	Central Purchasing/Director of Materiel Management, x92084.
...other conflict of interest questions	Conflict of Interest Coordinator, x92241.
...insurance requirements	Insurance and Risk Management Office, x92853.

V. Applicability and Authority

This policy on *Purchasing Common Goods and Services* applies to all campus purchases of common goods and services, except the following:

Activities for which the State of California requires that the contractor have a valid license to perform work (such as maintenance and construction). See the **University Facilities Manual** for information.

It is a new policy and thus supersedes any campus practice in existence prior to its effective date.

The campus Director of Materiel Management is the campus authority for the policy on *Purchasing Common Goods and Services*. This policy was reviewed and approved by the Chancellor on May 7, 1997. Next review date is January 1999.

VI. Related Policies/References for More Information

Related Policies and Procedures

UCSC Policy MM0002: Purchasing Conduct and Ethics

UCSC Policy MM0003: Employee-Vendor Relationships and Conflict of Interest

UCSC Policy MM0004: Purchasing Personal and Professional Services

UCSC Policy BUS0001: Responsibility for Business Contracts

UCSC Procedure BUS0002: Business Contracts

UCSC Procedure BUS0003: Independent Consultants

References

UC Business & Finance Bulletin BUS-34 - Securing the Services of an Independent Consultant

UC Business & Finance Bulletin BUS-43 - Materiel Management

UC Business & Finance Bulletin BUS-50 - Acquisition and Use of Narcotics and Dangerous Drugs

Public Contracts Code