

SECTION 7: ACQUISITION PROCEDURES

**SUBJECT: GROUP PURCHASING ORGANIZATION (GPO) CONTRACTS
PROCEDURE 7.3.17**

POLICY: The University of Washington may use contracts created by or through Group Purchasing Organizations (GPOs).¹ Staff should analyze the particular requirements of a proposed purchase or contract and determine whether a GPO contract is the best method for completing the procurement. For one-time purchases at a relatively small dollar amount, use of GPO contracts without modification may be reasonable. However, for large procurements, or where a master contract will be created, staff may need to renegotiate the terms of the GPO contract, complete a contract rider, or may determine that a separate competitive process is needed.

PROCEDURE:

Group Purchasing Organizations (GPOs) are entities that have been developed to aggregate and leverage the purchasing power of groups of businesses, government agencies, or other members to obtain steeper discounts from suppliers, based on its collective bargaining power. Many, but not all, GPOs are funded by administrative fees, either in the form of annual membership fees, or contract administration fees assessed on each purchase under the contract. Some GPOs that the University of Washington uses include: Novation, E&I, US Communities, National Joint Powers Alliance (NJPA) and The Cooperative Purchasing Network (TCPN).

GPO contracts differ from Cooperative purchases.² GPOs are separate entities that create contracts that may be used by members of the GPO. Cooperative purchases are entered into by the University under RCW 39.34 the Interlocal Cooperative Act, which permits public agencies to leverage contracts entered into by other public agencies and made available through the use of specific contract language. Washington Institutions of Public Higher Education (WIPHE) contracts are an example of Cooperative Agreements.

Prior to using a GPO contract, staff should evaluate the procurement being considered and determine whether a GPO contract is the best mechanism for fulfilling the identified need. Staff should always read and understand all contract terms included in a GPO contract before using that contract. Factors to consider include, but are not limited to:

- The size and relative risk of the procurement
- The uniqueness of UW's particular need
- Whether the procurement is a one-time purchase, or a master contract
- The specific terms of the GPO contract
- Whether the supplier is willing to accept the UW contract rider's inclusion in the GPO contract or to accept UW-specific changes to the GPO contract

If the staff member determines that a GPO contract is the most efficient and effective method of procurement, the staff member should include the UW's contract rider or negotiate the

¹ RCW 28B.10.029(1)(d)

² See Policy 7.3.13 for a more detailed description of Cooperative Agreements

terms of the GPO contract to meet the UW's specific need, as long as the modifications are within the scope of the original contract. Although the relevant terms of each GPO contract will vary, staff should ensure that the GPO contract provides for adequate service levels, management of risk through limitation of liability, indemnification and insurance clauses, appropriate payment mechanisms and enablement within the UW eProcurement system.