

Procurement Services Quick Guide – Campus Reminders

When Competition is Required

Competition is not required for purchases of goods and services when using an [existing contract](#) or if the value is within the current direct buy threshold of \$10,000. Purchases over the direct buy threshold may be made through a competitive or sole source process managed by Procurement Services.

When making purchases within the direct buy limit, departments are encouraged to consider utilizing local, women, minority, veteran owned small businesses, in support of the University's Commitment to Supplier Diversity [Regent Policy 60](#) [How to Locate Diverse Suppliers](#)

Direct Buy Purchases up to \$10,000 (including shipping and handling, excluding tax) do not require competition.

- A purchase totaling \$10,000, or less within a single 12-month period may be purchased directly without competition. **Important Consideration/Exception:**
When ordering from a supplier without an existing University contract:
If the first year, or 12 month period of a maintenance, software or other type of agreement or purchase will not exceed \$10,000, and you anticipate renewing the agreement, or purchasing the same item again in following years, consult with Procurement Services Contracting to discuss how to proceed. Depending on the service or item, you may need to provide a sole source justification, or work with Procurement who will issue a solicitation, or identify a contract available for University use. Consolidating your order for multiple years, or for increased quantities may result in improved pricing or additional discounts and will keep all the documents related to the contract/order together.
- Splitting orders to circumvent the direct buy threshold should be avoided.
- Check the [Exceptions List](#) to ensure you are aware of restrictions or special requirements, depending on the purchase.

Dollar Amounts \$10,000 to \$100,000 – Informal Solicitation

- Unless the purchase is from a University approved contract supplier, or validated by Procurement Services as a sole source, or named in a grant or contract, goods and services totaling \$10,000 or more within a single 12-month period and not exempt from competition (see exemptions below) the solicitation must be managed by Procurement Services.
- Procurement Service Contracting team will issue informal solicitations to meet departmental requirements. The University is required to include, at a minimum, one Minority and one Woman-owned business certified by the State Office of Minority and Women's Business Enterprises (OMWBE) in the solicitation process.
- Completion time for informal solicitations can range from one day to a few weeks, depending on the item or service being purchased.

Dollar Amounts over \$100,000 – Formal Solicitation

- Procurement Services Contracting team manages this process and will consult with the requesting department and select experts, to identify the appropriate sourcing process and develop specifications and evaluation criteria.
- The opportunities must be posted in the State Electronic Bidding Solutions site (WEBS) 10 days.
- This process includes formal protest and debrief process.
- Completion time for formal solicitations varies based on the complexity of the goods or services.

Exemptions

- The following purchases are generally exempt from competition, as competition is normally not practicable and/or available for such goods and services and in some cases may be paid in advance (PIA). When in doubt, check with Procurement Contracting team.
 - Honoraria
 - Purchases from the Federal government, states and their agencies, academic institutions (public and private), public bodies, and non-profit organizations.
 - Academic testing and evaluation services
 - Accreditation fees
 - The purchase of goods or services that are produced or performed by or related to: Nonprofit sheltered workshops or other nonprofit organizations that offer transitional or supported employment services serving the disabled.
 - Memberships and Association dues (PIA)
 - Purchases using a discretionary budget (64-xxxx)

Sole Source Procurements

- Sole Source procurements can be made when only one firm can satisfy the requirement.
 - **Price is not a factor in sole source vendor selection.**
 - **A purchase restricted to a stated brand available from more than one vendor is NOT a Sole Source procurement.**
 - Sole source purchases are defined by [RCW 39.26.010\(22\)](#) as “a contractor providing goods or services of such a unique nature or sole availability at the location required that the contractor is clearly and justifiably the only practicable source to provide the goods or services.
- The following criteria may be used to determine whether a legitimate sole source exists. This list is not exhaustive, and other factors may be considered:
 - Only one manufacturer makes the item meeting the salient specifications; and that manufacturer only sells direct or exclusively through one regional or national representative.
 - The item required must be identical to equipment already in use by the end user, to ensure compatibility of equipment, and that item is only available from one source; same reasoning applied in the continuation of research situation.
 - Collaborative project, interagency agreement, or clinical trials where the identical equipment is required for compatibility and continuity of research.
 - Maintenance or repair calls by the original equipment manufacturer (O.E.M.) are required for a piece of equipment, and the manufacturer does not have multiple agents to perform these services.
Replacement or spare parts are required from the O.E.M., and the O.E.M. does not have distributors for those parts.
 - Patented items or copyrighted materials, which are only available from the patent or copyright holder.
 - A medical/surgical decision by a medical/dental professional, where a specific brand is required for patient care, and the manufacturer has no multiple distributors for the product.
 - Only one quote or bid response is received in response to a competitive solicitation issued by Procurement Services.
 - A Market Survey has been conducted to determine whether other potential sources capable of satisfying the requirement exist. Market survey may be conducted by phone or in writing. The extent of the market survey depends on what constitutes a reasonable effort under the circumstances to ensure that competition is not feasible. A list of the suppliers contacted, along with the reason why each supplier *could not meet* the requirement may justify a sole source. Consult with Procurement Contracting staff.

- End-user should prepare a sole source statement or justification to support the supplier selection based on the above criteria. This information will become part of the official record.
- Procurement Services will review the statement and may request additional details. Contract Manager must concur with the statement before engaging with requested supplier in non-competitive negotiation.
- Depending on the funding source, additional requirements may apply.
- **State funded sole source contracts** must be advertised in WEBS and will increase the time to complete the order.

Signing Contracts

- Departments do not have the authority to sign contracts for goods and services ([APS 52.1](#))
- **Forward Contracts, Agreements and modifications to existing contracts or agreements to Procurement Services for an official signature.** **IMPORTANT:** Departments are responsible for reviewing all contracts and agreements to ensure that the person(s) responsible for the purchase understands the scope, financial obligations, and critical dates.
- **Review quotes and proposals from suppliers providing products and/or services.** Ensure you understand and are aware of the restock or cancellation process and fees, delivery dates, method of shipment and that the quote includes all applicable costs. This information should be included with the quote or proposal, and if not, please ask before agreeing to make the purchase. FOB Destination is preferred – title transfers to the University at point of delivery.
- **Procurement Contract staff have the discretion as to whether to sign the contract or quote, or just reference it in the body of the purchase order.**

Emergency Procurements

Purchases that are intended to be processed as exceptions to competition must be made through Procurement Services.

- Emergency purchases are required to protect life and/or property, prevent substantial economic loss, or prevent interruption of service.
- End-user submits written justification describing the nature of the emergency to Procurement Services.
- May be required to submit an emergency purchase report to the Department of Enterprise Services (DES).

Deposits/Progress Payments/Payment in Advance

- Deposits are standard in certain industries and are allowable for:
 - Catering and Conferences (should be no more than 40%)
 - Review existing contracts for specific terms – some include limitations on deposit amounts.
 - Space rentals, performers, speakers
- Progress Payments
 - Allowable based on performance milestones
 - i.e. consulting agreements that include a statement of work
 - i.e. furniture installations as work is completed
 - i.e. custom items, including printing frequently require pre-work/design and approval prior to final manufacturing
- Payment in Advance
 - Allowed for subscriptions, memberships, rentals, maintenance agreements, software agreements – consult Procurement Service staff

Acknowledgements

- Order acknowledgements should not be accepted without review. Acknowledgments that differ in their terms from the order submitted by the University of Washington to the supplier may create unanticipated ambiguity in interpreting the terms and conditions of the order.
- The effect of a supplier order acknowledgment that differs in its terms from the University's Purchase Order depends on subject matter of the contract, which dictates the legal principles that apply. However, regardless of purchase type, the payment of an order where the supplier has submitted an order acknowledgment that differs in its terms from the University's Purchase Order will alter the terms and conditions applicable to the contract. Contact Procurement Contracting team for guidance.

Food and Conferences

- Departments may arrange to host conferences and events when the **total expense is under \$10,000**. However, because departmental personnel do not have signature authority, they should not sign written contracts.
IMPORTANT CONSIDERATIONS: Agreements for these services can carry significant financial risk if not carefully scrutinized, including the risk of losing any deposit for a facility, risk that the facility may not be satisfactory, risk that the University may be required to indemnify a hotel or charter company if a contract is not carefully negotiated, and risk that the company may not have adequate insurance in the event of a lawsuit.
Proposals should:
 - Break down cost elements (lodging rates, catering, room rental, technology fees, etc.)
This itemization assists in evaluating price reasonableness and may be required for audit purposes.
- Procurement Services will review proposals over \$10,000. the following areas are given particular consideration:
- **Limitation of Liability/Indemnification:** The University cannot indemnify third parties, except to the extent that the third party's injuries were caused by a University officer, employee, or student, acting within the scope of their duties. In particular, lodging facilities will often seek indemnification for both third party attendees and third-party contractors—neither of whose actions the University can indemnify the lodging facility for.
- **Cancellation/Termination:** Cancellation clauses should provide reasonable compensation to the contractor if the University cancels its reservation. However, such cancellation/termination clauses should not result in a significant windfall to the contractor if the University elects to cancel its agreement with sufficient notice.
- **Insurance:** Contractors should be appropriately insured to protect the University against losses. The University may only insure its employees, officers, and students—it cannot offer insurance for non-UW affiliated parties.
- **Virtual Meetings:** Food purchases are generally not allowed for employees working remotely. Mere virtual attendance at a department meeting in itself is not a permissible event for providing food items.
- See <https://finance.uw.edu/food-approval> for additional information, including a matrix of approved food purchase types, per diem rates, and the maximum value of light refreshments.

State Ethics Law (RCW Chapter 42.52)

To ensure the integrity of the procurement process: The Washington State Ethics Law prohibits a broad range of unethical purchasing actions. The following are prohibited by the State Ethics Law:

- Participating in transactions in which the employee has a financial interest (RCW 42.52.030 & 42.52.150)
 - Prohibits employees from benefitting, directly or indirectly, from a transaction with which the employee is involved. Prohibits employees from accepting any compensation, remuneration, etc. from any party beneficially interested in such a contract.
- Accepting improper gifts (RCW 42.52.140 & 42.52.150)
 - Prohibits state employees from soliciting or accepting gifts which could reasonably be expected to influence an employee's purchasing decision.
- Improperly assisting in transactions (RCW 42.52.040)
 - Except in the course of their official duties, prohibits state employees and any businesses in which the state employee is a partner, managing officer or employee from assisting others in transactions with which the employee was or is involved in the state employee's official capacity.

Unauthorized Purchase

- An Unauthorized Purchase occurs when a UW department (other than Procurement Services) enters into a contract, makes a purchase, or otherwise commits University funds for the procurement of goods and or services for an amount over the direct buy limit (excluding tax) without Procurement's prior approval unless the purchase is based on a Procurement Services approved University contract.
- Unauthorized purchases often fail to incorporate many of the University's contractual terms and safeguards that are negotiated by Procurement Services. This can result in issues with service, unanticipated automatic renewals, failure to retain critical data, and other issues that may reduce the value of the contract to a department. By ensuring that Procurement Services is consulted prior to making a purchase over the direct buy limit, the department can protect its interests with an appropriate contract.
- To ensure that individuals are not subject to personal liability for unauthorized contracts, departments should always consult with Procurement Services prior to entering into an agreement for \$10,000 or more.
- Unauthorized purchases may subject the individual responsible for the unauthorized purchase to significant personal liability, including payment for the purchase.
- Unauthorized purchases must be reviewed by Procurement Services to determine whether the purchase conforms to all applicable laws, regulations, and/or University policies and the following will be sent the department:
 - Your purchase request is being reviewed by Procurement Services, however because it is over the direct buy limit, additional information is required before payment approval is granted. Your response will be included for documentation and audit purposes.**
 - Did you speak to a UW Procurement Services Contracting team member and receive approval prior to placing this order? If so, whom did you speak to and when?
 - How was this supplier selected?
 - If you believe the supplier is a sole source, describe the unique features for the products or services that only this supplier can provide and list other suppliers that were researched. (See above page 2 - Sole Source Procurement)
 - Include any documentation used or other information to establish that the price paid was fair and reasonable.
- Following receipt of an acceptable response to the above questions, the purchase order will be issued and may include the following statement:

PLEASE NOTE: This order exceeds the direct buy limit for University departments to place orders. Orders over this amount should not be accepted without a purchase order from UW Procurement Services or the prior approval of Procurement Services staff.

- **Procurement Services maintains a tracking document to record unauthorized purchases and has established the following escalation process.**

First incident: Procurement Team will collect additional information about the incident via the above questions and based on the information received, may recommend additional training (DES or others) or schedule outreach in the effort to provide guidance and training about UW Procurement Policies.

Second Incident: Immediate supervisor may be contacted to work collaboratively on a corrective action plan to avoid future unauthorized purchases.

Third Incident: Department Chair/Dean/VP of the unit may be contacted to work collaboratively on a corrective action plan as well as Internal Audit to flag the department/unit as a potential high audit risk, particularly if it is the same individual who repeatedly does not comply with the policies a

Required Training – State of Washington Department of Enterprise Service (DES)

Under the procurement reform law (RCW 39.26.110) effective July 1, 2013, the State of Washington requires all state employees whose jobs include **procurement-related duties** to fulfill certain training requirements.

[DES has posted employee course requirements on their Contracts and Procurement web page.](#) Please see the page below to determine the exact courses and timeframe that employees need to follow within your department/school.

THINGS TO KEEP IN MIND

Similar information is shared during our Supplier Orientation Sessions



Departments may request quotations for purchases over the direct buy threshold for budgetary purposes only. Ensure vendors understand there is no commitment to purchase the product or service.



A formal solicitation or sole source may be required and should be coordinated with Procurement Services Contracting staff.



Don't give a vendor approval to begin work or ship a product if it is over the direct buy threshold (currently \$10,000) unless it is placed against a University approved contract.



Departments are not authorized to sign contracts and are required to submit them to the procurement team for review. Understand what you are agreeing to and pay attention to dates, cancellation/return policies, renewal, payment and shipping terms and any additional obligations required of your department.



Beware of End of Month pressure from suppliers. Your decision to complete a purchase should not be based on a supplier telling you the price will go up if not placed by the end of the month (so they can book the sale for that month). If they really want the sale, they will extend the pricing to accommodate the University process.

WHEN IN DOUBT – REACH OUT

Contact a Procurement Service Subject Matter Expert