## 1.0 Competitive Sourcing Policies & Procedures

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### 1.1 Solicitation of Proposals and Quotations

It is the policy of Vanderbilt University to obtain competitive proposals or quotations where possible on all products and services used by the university. All proposals and quotations received will be evaluated on the basis of quality, service, compliance to specifications and price. All awards will be made in the best interest of the university. Any or all proposals may be rejected at the discretion of Vanderbilt University.

The competitive sourcing process is required where the value and/or nature of the item/service warrants it and the item/service can be obtained from more than one source. Unless approved for sole source procurement or otherwise covered under existing contracts, all requisitioned items/services totaling $25,000 or more individually, or as a system including multiple components, will be competitively sourced. Individual schools, divisions, or departments may institute limits more restrictive than this guideline.

In establishing university procedures, Vanderbilt must comply with government procurement regulations as contained in Office of Management and Budget (OMB) A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations" [OMB A-110 Circular](https://www.whitehouse.gov/omb/circulars/a110) as well as any additional regulations or procedural formalities required by the contracting agency. As a result, certain capital purchases may require prior approvals below this bidding threshold before proceeding. Instructions regarding such approval are contained in Section 8.3 of this manual.
Compliance with Office of Management and Budget (OMB) 2 CFR Chapter I, and Chapter II, Part 200, Subpart B, 200.110 Effective/Applicability Date

Vanderbilt University has elected to maintain compliance with the current OMB A-110 Circular cited above for an additional fiscal year (through June 30, 2016) before adopting the new Uniform Guidance procurement standards. Vanderbilt will adopt the new procurement standards contained in OMB 2 CFR Chapter I, and Chapter II, Part 200, Subpart D Procurement Standards §200.317 - §200-326 effective July 1, 2016.

It is the policy of Vanderbilt University to use whenever possible and practical, women-owned, minority-owned, disadvantaged, and small business suppliers which are able to provide products and services of required quality on a timely basis at competitive prices. Procurement Services maintains a list of qualified small business and diversity suppliers on the Federal Grant & Contract Procurement website.

Research Procurement Resources

1.2 Purchasing from Approved Suppliers / Gold Guide

For many of our commonly used products and services, Procurement Services has negotiated contracts with a select group of suppliers on the basis of their competitiveness and ability to serve the needs of the entire Vanderbilt community. Our contracts have deep discounts and special terms and conditions not generally available from non-contract suppliers. In many cases, our contract suppliers have Vanderbilt-dedicated sales and service personnel. Purchases from these Approved Suppliers meet the university’s requirements for competitive sourcing so no additional bidding is required.

To assure that the university continues to receive the maximum amount of pricing discounts and benefits available, it is recommended that all faculty and staff order needed products or services from the suppliers listed in the Procurement Gold Guide (approved supplier buying guide), located in the PDS website. Most of these Approved Suppliers are available through the eProcurement system.

Our Procurement Gold Guide allows you to quickly find an Approved Supplier by a product/service drop down menu or by A-Z and eProcurement supplier listings. Unique filters allow searches for Primary, Contract, Diversity, Local and Green suppliers. An easy to use keyword search tool is also provided.

The Gold Guide supplier profile lists the buy/pay methods, the assigned Purchasing Agent and internal and external contact information. Links for email and web addresses are also included.

Many commonly used services provided by internal Vanderbilt departments are also listed. Should you have any questions about any product, service or supplier, please contact the assigned Vanderbilt Purchasing Agent listed in the profile.

1.3 Competitive Sourcing

To insure that the resources of the university are protected and maximized, and to encourage participation in the university's procurement process by a variety of suppliers, competitive sourcing should be used whenever possible. Formal written Requests For Proposal (RFP) should be used for most competitive sourcing projects. Sealed bids will be used when required by law, government contractual requirements, or at the discretion of Procurement Services.
While Procurement Services encourages participation in the competitive sourcing process by as many qualified suppliers as possible, at least three proposals are desired given the following limitations: time constraints, availability of qualified suppliers and the opportunity for significant cost savings.

Procurement Services has standard RFP templates available for use. Please contact the Sourcing Officer or Purchasing Agent assigned to your commodity for more information.

Competitive Sourcing Process

Competitive Sourcing may be conducted using the following methods, the choice of which primarily determined by the estimated dollar value of the project:

1. Informal bids – Informal bids may be solicited verbally, by email or by letter. This process may be used at the discretion of departments or Procurement Services for items estimated to cost more than $500 but less than $25,000. Departments must request written confirmation of verbal bids from suppliers.

2. Formal RFPs should be issued for all items estimated to cost $25,000 or more where clear specifications are available for comparative standards. Documentation of exceptions to this process should be made using the Supplier Selection Justification section of the eProcurement system. This documentation is subject to review and approval by Procurement Services before processing.

3. Requests for Proposals may be issued for projects of any dollar amount where subjective services or skill levels are an important component to a timely and successful completion of the project.

4. After proposals are received and evaluated, the contract(s) will be awarded to the supplier(s) presenting the best combination of price, delivery, compliance to specifications, capacity to perform, and quality of service. Depending on the complexity and value of the proposed contract, Procurement Services may elect to a standardized Proposal Evaluation matrix that assigns weighted values for each criteria identified for a particular RFP. Procurement Services reserves the right to disqualify any or all bids and to award contracts based on factors other than price.

5. On the basis of historical supplier costing, performance and market surveys, Procurement Services may deem it more cost effective and efficient to confirm and award some low dollar purchases without the competitive bid process. Documentation of such action will be retained with the purchase records.

Exceptions to Competitive Sourcing

There are circumstances when competitive sourcing is not required or practical. Examples of such situations are:

1. Purchases from suppliers on the Approved Suppliers List [Gold Guide]
2. eProcurement orders that use “punch out” or eCatalog suppliers
3. Emergency situations endangering the health and safety of faculty/staff, students or third parties
4. Purchases that meet sole source procurement requirements (see Section 1.4)
5. Requisitions for products or services less than $25,000
1.4 Non-Competitive (Sole Source) Procurement

The purchasing of material, equipment, supplies and services costing $25,000 or more individually or in aggregate should be by competitive sourcing, regardless of the funding source. However, circumstances may dictate forgoing the competitive sourcing process and purchasing from one unique supplier for certain products or services. Such situations require documented justification explaining the exceptional circumstances of the purchase. The documentation must show that an equitable evaluation been made and that rejection of alternative suppliers or solutions is based on objective and relevant criteria. Procurement Services and Medical Supply Sourcing have the final responsibility for determining whether a Sole Source requisition meets the requirements of this policy.

The eProcurement system is designed to prompt the requisition creator to address specific questions about non-competitive (i.e., “sole source”) purchases when the purchase is greater than $25,000 and no information supporting a competitive selection is indicated or provided. Designating a requisition as “non-competitive” requires the department to select one or more reasons from a menu of justifications and to include supporting details for each reason selected (see screen print below):

Requisition Step 2

Instances when sole source purchasing may be applicable include the following:

1. Property or services can be obtained only from a specific supplier (i.e., real estate; one of a kind items, etc.)
2. Competitive sourcing is precluded because of the existence of patents, copyrights, secret processes, control of raw materials by suppliers or similar circumstances.
3. Procurement of electric power or energy, gas, water or other utility services where it would not be practical or feasible to allow other suppliers to provide such services.
4. Procurement of support services in connection with the assembly, installation or servicing of equipment or software of a highly technical or specialized nature.
5. Procurement of parts or components to be used as replacements in support of equipment manufactured by a particular supplier.

6. Procurement involving construction where a contractor is already at work on the site and it would not be practical to engage another contractor.

7. Procurement where only a single supplier in a market is licensed or authorized to service or sell a specific product line.

8. Procurement of compatible additions to existing equipment where a different manufacturer's equipment would be impractical for the specific need.

9. The supplier or products are specified and required by the funding agency of a grant or Federal contract.

10. VUMC Clinical Enterprise – For clinical supplies, services or capital, a full explanation from the requisitioning department documenting the reasons for this restriction is required and must be presented to the appropriate MEOC subcommittee for review and approval or denial. The reasons should not only include justification as to why or whether the requisitioner needs the item but must contain other elements such as: specific characteristics essential to the proposed applications not available through other suppliers.

1.5 Confidentiality of Proposals

Price quotations, supplier proposals and university internal documentation (including all Requests for Proposals) are considered confidential. Confidential materials are not to be disclosed in any way to other suppliers, outside organizations or to any unauthorized persons, nor as a private university, are we in any way obligated to disclose information. Disclosure of confidential materials is not only professionally unethical and damaging to Vanderbilt's relationships with our suppliers, it also exposes Vanderbilt to possible legal action. Exceptions are disclosures required by law, government contractual requirements, and release of such private information as deemed to be in Vanderbilt University's best interests. In addition, Vanderbilt does reserve the right to benchmark all pricing through contracted 3rd party resources acting as an agent on behalf of Vanderbilt. Vanderbilt also reserves the right to enter into specific 3rd party agreements allowing pricing information to be shared for the purposes of analysis to achieve specific endpoints. If you have questions about any request to provide information concerning Vanderbilt contracts, pricing, supplier proposals or other internal information, please contact Procurement Services, Medical Supply Sourcing or the Office of the General Counsel for guidance.

1.6 Late Bids or Quotations

It is the responsibility of all suppliers to ensure that their proposals are received by Procurement Services no later than the appointed hour and date for submission as stated on the university bid form or Request for Proposal document. Unless there are extenuating circumstances acceptable to Procurement Services or it is deemed to be in the best interests of the university, late bids will not be opened nor considered. Vanderbilt University does not conduct public bid openings.
1.7 Errors in Bids or Quotations

Suppliers are responsible for the accuracy of their submitted proposals. In the event of a discrepancy between a unit price and its extension, the unit price will govern. Proposals may be amended or withdrawn by the bidder up to the bid submission deadline, after which, in the event of an error, bids may not be amended, but may be withdrawn. After an order is issued, no bid may be withdrawn or amended without penalty to the supplier, unless Procurement Services considers the change to be in the best interest of the university.

1.8 Supplier Diversity & Small Business Program

Vanderbilt University is committed to the principle of diversity and equal opportunity in all of its endeavors and applies this principle in its procurement activity with the objective of encouraging participation by qualified suppliers categorized as small, disadvantaged, minority or women-owned enterprises. The university believes that strengthening and expanding its supplier base in these business classifications not only contribute to lowering our operational costs in providing education, research and patient care, but also improves the overall health of the greater business community within which we exist. It is a practice of the university to actively identify and solicit qualified small, disadvantaged, minority or women-owned businesses and to provide and promote equal opportunities for such suppliers within the university in order to promote supplier diversity.

In order to better meet the Supplier Diversity goals, Procurement Services coordinates the efforts of the university in the following ways:

1. Identifies the business classification of our suppliers at the time of their registration with Procurement Services.
2. Provides listings of small, disadvantaged, minority and women-owned businesses to the departments of the university.
3. Participates with local and regional minority purchasing organizations during seasonal opportunity fairs to not only share information regarding university projects, but also to identify potential new suppliers for participation in those projects.
4. Creates periodic reports to monitor the volume of business done with small, disadvantaged, minority and women-owned businesses and uses this information to assess and improve the effectiveness of our program.
5. Publishes information on Diversity Suppliers on the dedicated Diversity Program webpage VU Supplier Diversity Program
6. Coordinates and Sponsors an annual business diversity supplier fair.
7. Through these activities and the support of administrators throughout the university, Vanderbilt recognizes the economic and social benefits derived by promoting equal opportunity for the small, disadvantaged, minority or women-owned business community.
1.9 Green Purchasing Program

In order to reduce the adverse environmental impact of our purchasing decisions and in accordance with the VU Environmental Commitment Statement, Vanderbilt University is committed to purchasing goods and services from manufacturers and suppliers who share our environmental concern and commitment. Green purchasing is the method wherein environmental and social considerations are taken into account with the price, availability and performance criteria that we use to make purchasing decisions.

Environmentally-preferable products have a reduced effect on human health and the environment when compared to other products and companies that serve the same purpose. It is the preference of Vanderbilt University that our suppliers use environmentally-preferable products, materials, and sources wherever economically feasible. If two products are competitive in performance characteristics and pricing, the university will favor the more environmentally-preferable product or company.

The university and the supplier may negotiate during the contract term to permit the substitution or addition of environmentally-preferable products when such products are readily available at a competitive cost and satisfy the university's performance needs. If a supplier is citing environmentally-preferable product claims, the supplier must be able to provide proper certification or detailed information on environmental benefits, durability and recyclable properties.

Procurement Services has worked closely with the university's preferred office products, janitorial products, and laboratory products suppliers to provide more easily identified environmentally-preferable product selections. These products are readily identifiable in eProcurement and have been collected into special “green purchasing” catalogs that anyone can request.

A basic screen for environmentally-preferable products is to look for those that are reusable instead of disposable, recyclable, made with renewable energy, and contain a significant percentage of post-consumer waste recycled content. Additionally, third-party certification systems that indicate an environmentally-preferable product include:

1. "Energy Star": indicates a product has met strict energy efficiency guidelines as set by the U.S. Environmental Protection Agency (EPA) and Department of Energy (DOE).
2. "EPEAT": indicates electronics that are environmentally-preferable as determined by the EPA and Green Electronics Council.
3. "FSC-Certified": indicates products that have met the requirements of the Forest Stewardship Council (FSC) for responsible management of forest resources, such as office paper.
4. "SCS Recycled Content": indicates a product that has been certified for recycled content and meets the stringent EPS standard for providing a measurable and significant environmental benefit over typical products in the same category.
5. "CRI Green Label": Product certified by the Carpet and Rug Institute (CRI) to improve indoor air quality.
6. EPA Design for the Environment (DfE): EPA has screened each ingredient for potential human health and environmental effects and that-based on currently available information, EPA predictive models, and expert judgment-the product contains only those ingredients that pose the least concern among chemicals in their class.
7. "Green Seal certified": Products certified by Green Seal to meet environmentally-responsible design, manufacturing, packaging, and transportation requirements.

More information on Vanderbilt University’s environmental programs can be found at SustainVU.
1.10 Terms and Conditions

When contracts are awarded to outside suppliers, Procurement Services provides the supplier with certain terms and conditions that state our expectations for their performance under the contracts and provide remedies to the university in the event of supplier non-performance. The terms and conditions are general in nature and should not be confused with the product or service specifications set forth in the RFP document. Suppliers are expected to adhere to both the contract specifications and the terms and conditions governing their work. Standard Vanderbilt University terms and conditions include:

Payment Terms – Net 45 Days from the Invoice Date. Invoices are paid 45 days from the date they are issued by the supplier regardless of when they are received by Vanderbilt.

Freight Terms – FOB (“Free On Board”) Destination Prepaid and Add. These terms require the supplier to insure the safe transportation and delivery of shipments until they arrive at the Vanderbilt destination specified in the purchase order. Freight charges (if any) are paid by the supplier and added to our invoice as a separate line item. In the event of shipping damage or loss, the supplier is responsible for filing all claims with the shipping company and compensating Vanderbilt for any losses.

VU Purchase Order Terms & Conditions