



The University of Vermont

Policy V. 4.3.20.3

Responsible Official: Vice President  
for Finance and Administration

Effective Date: January 21, 2011

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# Procurement or Lease of Goods and Services and Procurement Contract Approval and Signatory Authority

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## Policy Statement

The Office of Procurement Services, under the supervision and oversight of its Director, is responsible for establishing, providing oversight of, and ensuring compliance with all University procurement requirements, including policies governing the purchase and/or lease of all materials, equipment, supplies, and services. Procurement Services is also responsible for securing contracts for frequently purchased items and/or services. *Failure to comply with this Policy and/or the Contract Approval and Signatory Authority Policy may result in disciplinary action and/or personal civil or criminal liability for the unauthorized activity.*

## Reason for the Policy

The University of Vermont has implemented this policy to ensure any purchase, regardless of funding source, is completed in compliance with University policies and legal requirements. The policy is intended to ensure that commitments of University resources are properly reviewed and approved and that the associated agreements are signed by authorized officials.

## Strategic Direction

This policy supports the following goals in the University's Strategic Plan ([http://www.uvm.edu/president/?Page=strategicplan2009\\_2013.html](http://www.uvm.edu/president/?Page=strategicplan2009_2013.html)):

- *Institutional Efficacy*: As an institution, model the highest standard of ethical conduct, accountability and best practice, public service, and strong commitment to lifelong learning.

## Applicability of the Policy

This policy applies to all members of the University community purchasing goods or services utilizing a University of Vermont budget, regardless of funding source. It governs contractual agreements involving goods, supplies, equipment, and services.

## Policy Elaboration

Please see the matrix of Purchase Order and Contract Approval Requirements for Procurement or Lease of Goods and Services ([http://www.uvm.edu/policies/procure/contract\\_app\\_chart.pdf](http://www.uvm.edu/policies/procure/contract_app_chart.pdf)) for a summary of the purchase approvals, methods of purchase, and contract review and approval required for purchases based on their term and aggregate amount.

### A. Authority to Approve Purchases

The Vice President for Finance and Administration has delegated to the Director of Procurement Services, through the Controller's Office, the authority to approve purchases and to enter into contracts, leases, or purchase agreements for amounts not to exceed \$50,000 in aggregate. A purchase order for goods or services whose value exceeds \$50,000 but is less than \$250,000 in aggregate must also be approved by the University Controller. A purchase order for goods or services other than consulting or professional services whose value exceeds \$250,000 in aggregate must also be approved by the Vice President for Finance and Administration. A purchase order for goods or services other than consulting or professional services whose value exceeds \$500,000 must also be approved by the President. A purchase order for goods or services other than consulting or professional services whose value is equal to or greater than \$1 million in aggregate must also be approved by the Board of Trustees.

A purchase order for consulting or professional services whose value is \$250,000 or greater in aggregate requires approval by the Vice President for Finance and Administration or the President and the Board of Trustees.

### B. Required Contract Review & Approvals

If a purchase is accompanied by a contract, lease, or purchase agreement that contains narrative provisions governing the terms and conditions of the procurement, the contract must be reviewed and approved prior to execution, as follows:

- 1. Contracts, Leases, or Purchase Agreements for Goods or Services other than Consulting or Professional Services**

*For contracts, leases, or purchase agreements less than three years in length, where the cost or value is:*

- Less than \$50,000: approved by Procurement Services

- Between \$50,000 and \$249,999: approved by the University Controller, in addition to Procurement Services

Between \$250,000 and \$499,999: approved by the Vice President for Finance and Administration, in addition to all of the above

Between \$500,000 and \$999,999: approved by the President, in addition to all of the above

\$1 million and greater: approved by the Board of Trustees, in addition to all of the above

***For contracts, leases, or purchase agreements equal to or greater than three years but less than five years in length, where the cost or value is:***

Less than \$250,000: approved by the University Controller

Between \$250,000 and \$499,999: approved by the Vice President for Finance and Administration, in addition to University Controller

Between \$500,000 and \$999,999: approved by the President, in addition to all of the above

\$1 million and greater: approved by the Board of Trustees, in addition to all of the above

***Contracts, leases, or purchase agreements greater than five years in length require Board of Trustees approval, regardless of amount.***

***Net revenue contracts or agreements greater than five years in length require Vice President of Finance and Administration approval, regardless of amount.***

**2. Contracts, Leases, or Purchase Agreements for Consulting or Professional Services (but see Section D exceptions)**

***For contracts, leases, or purchase agreements less than three years in length, where the cost or value is:***

Less than \$50,000: approved by Procurement Services

Between \$50,000 and 249,999: approved by the University Controller, in addition to Procurement Services

\$250,000 and greater: approved by the Vice President for Finance and Administration or President, and Board of Trustees, in addition to all of the above

***For contracts, leases, or purchase agreements equal to or greater than three years but less than five years in length, where the cost or value is:***

Less than \$250,000: approved by Procurement Services and the University Controller

\$250,000 and greater: approved by the Vice President for Finance and Administration or President, and Board of Trustees, in addition to the above

***Contracts, leases, or purchase agreements greater than five years in length require Board of Trustees approval, regardless of amount.***

### **3. Purchase Orders & Contracts Requiring Board Approval**

When initiating a contract or purchase order that requires Board of Trustees' approval as specified above, the requesting department must allow ample time in the process to meet the Board materials submission deadlines. Information regarding those deadlines may be obtained from the Office of the Board Coordinator [Trustees Coordinator (802) 656-7898].

### **4. Personal Services Contracts**

Purchase of services from an individual requires completion of the Independent Contractor vs. Employee Determination Form (<http://www.uvm.edu/policies/acct/relateddocs/indcontractform.pdf>) prior to the issuance of a Purchase Order.

### **5. Legal Review**

All contracts must be submitted initially to Procurement Services. Procurement Services shall, through its Contracts Manager, establish and follow protocols recommended by the UVM Office of the General Counsel to address contracts containing (1) defense, indemnification, or hold harmless provisions; (2) provisions seeking to limit the amount or types of liability of the other contracting party, its subcontractors, agents, or successors; and/or (3) provisions establishing the choice of law, forum, or dispute resolution means. In addition, contracts whose obligations in aggregate or related financial exposure exceed \$250,000 must be reviewed, prior to their execution, by the General Counsel or his/her designee ("General Counsel"). Any contract that contains provisions or language beyond the delegation authority of Procurement Services must also be reviewed by General Counsel.

### **6. Risk Management Review**

Procurement Services shall, through its Contracts Manager, establish and follow protocols recommended by the UVM Department of Risk Management when the subject matter or language of a contract raises issues of (a) risk liability, including a risk of accidental injury or loss to the University, its employees, students, or invitees, or to property owned, leased, or loaned by or to the University; and/or (b) provisions relating to insurance; waivers of rights

including subrogation; additional insured status; liability limitations or waivers; or defense, hold harmless, and/or indemnification obligations.

## **C. Required Methods of Purchase**

### **1. Small Dollar Purchases Less Than \$5,000**

For purchases whose cost or value is less than \$5,000, the required method of purchase is the University Purchasing Card (PurCard), unless the selected vendor does not accept the credit card in use by the University. If a vendor does not accept a PurCard, a Requisition for Purchase must be used. If a purchase less than \$5,000 requires execution of a formal written contract prior to purchase, the requesting department must complete a Requisition for Purchase and the contract must be reviewed by Procurement Services. Moveable equipment may not be purchased using the University's PurCard program. UVM's PurCard may not be used for purchases within UVM; in such instances, an interdepartmental charge is the required payment method.

### **2. Purchases \$5,000 or Greater**

Purchases whose cost or value equals or exceeds \$5,000 must be completed through issuance of a University Purchase Order. The requesting department initiates this process by submitting a Requisition for Purchase. Purchase Orders are then issued by Procurement Services to the vendor and must be completed prior to order placement. If a contract requires review by General Counsel or Risk Management, additional time for processing may be required.

### **3. Purchases Between \$25,000 - \$50,000**

In addition to the requirements for purchases whose cost or value exceeds \$5,000, any single or aggregate purchase whose value exceeds \$25,000 but is less than \$50,000 must be accompanied by a Quotation Evaluation Form that includes three quotes and details the reason(s) for selection of the vendor. If this purchase is being classified as a sole-source, the requesting department must complete a Single/Sole Source Justification Form explaining its sole source determination. In addition, invoices generated by a Purchase Order whose value exceeds \$25,000 require departmental approval before payment is released. Procurement Services will route any invoice whose value exceeds \$25,000 to the requesting department for approval.

### **4. Purchases Greater than \$50,000**

Purchases whose cost or value exceeds \$50,000 are subject to the Request for Proposal (RFP) process. The RFP must be issued to a minimum of three vendors identified as having the ability to provide the good and/or service at a quality level acceptable to the University. The scope of work to be included in the RFP is the responsibility of the requesting department. Once the scope of work is received by Procurement Services, an RFP will be created including these criteria. Procurement Services will ensure that the RFP is administered

according to the policies and procedures of the University. Once the RFP is released to potential vendors, all communication from requesting departments to potential vendors must flow through Procurement Services, until the contract is awarded. The RFP process requires all prospective vendors to submit their proposals by the time and date designated in the RFP document. Proposal submissions are opened by Procurement Services and evaluated in conjunction with the requesting department. Procurement Services will work with the department to select a vendor. Procurement Services notifies all vendors of the outcome of the RFP process in which they participated. The contract will be awarded to the vendor submitting an acceptable proposal which best complies with the terms, conditions, and specifications of the RFP and/or which best meets the overall needs of UVM. Once the contract has been signed in accordance with the matrix of Purchase Order and Contract Approval Requirements for Procurement or Lease of Goods and Services ([http://www.uvm.edu/policies/procure/contract\\_app\\_chart.pdf](http://www.uvm.edu/policies/procure/contract_app_chart.pdf)), a requisition for purchase can be submitted and Procurement Services will issue a Purchase Order.

If the purchase is classified as a sole-source, the requesting department must complete a Single/Sole Source Justification Form to explain the sole source determination.

In addition, invoices whose cost or value exceeds \$25,000 generated by the purchase order require departmental approval before payment is released. Procurement Services will route any invoice whose cost or value exceeds \$25,000 to the requesting department for approval.

## **D. Exceptions**

### **1. Permitted Exceptions to Quotation and RFP Process**

When it is deemed to be in the best interests of the University by the responsible unit official and approved by Procurement Services, departments may make purchases without using a competitive process. Examples of appropriate non-competitive purchase categories include contracts with the State of Vermont; U.S. General Services Administration contracts; consortium agreements; and Educational and Institutional Cooperative services agreements.

A request for non-competitive purchase must be submitted by responsible department to Procurement Services and accompanied by a completed Single/Sole Source Justification Form. An exception to competitive process requirements may also be sought in emergency circumstances (with adequate explanation of the perceived emergency) but, if granted, shall not exceed the quantity and/or duration necessary to alleviate the immediate need.

### **2. Exemption for Certain Services Contracts**

Because of the unique nature of the service needs of certain University operations and programs, certain contracts are exempt from the requirements of this Policy. Offices responsible for such contracts must nonetheless create, maintain, and comply with written internal procedures describing how contracts and expenditures will be handled. These procedures must be approved in advance by the President or his/her designee in consultation with the Vice President for Finance and Administration.

Contracts subject to this exemption are:

- Architectural and Engineering Professional Services (Facilities Design & Construction)
- Acquisition of Real Property (Campus Planning Services)
- University Bookstore Purchases for Resale (UVM Bookstore)
- Leases and Subleases of Real Property (Campus Planning Services)
- Professional Legal Services (Office of the General Counsel)
- Theatrical Performances (Lane Series)
- Student Activities Concerts and Entertainment Events (Student & Campus Life)
- Insurance (Risk Management)
- Subcontracts and subawards (Sponsored Programs)

Purchase orders that result from these contracts still require approvals for dollar thresholds as outlined in the matrix of Purchase Order and Contract Approval Requirements for Procurement or Lease of Goods and Services

[http://www.uvm.edu/policies/procure/contract\\_app\\_chart.pdf](http://www.uvm.edu/policies/procure/contract_app_chart.pdf).

Apart from the exemption categories listed above, other departments or programs may apply for a procurement exemption by submitting written justification to the Vice President for Finance and Administration. The request must include a statement of justification and a description of proposed internal procedures for administering future contracts, to include contract duration and estimated total purchase amount.

Copies of all procedures required by this exemption protocol must be forwarded to the Controller's office. Copies of all delegations of authority for procurement of goods and services must be on file with the Controller's office to be valid.

## Definitions

*Aggregate value:* The total cost or financial obligation of a procurement or contract, lease, or purchase agreement with a single vendor over the total duration of the contract.

*Consulting Services:* Services provided by an individual or company that involve the application of expert, specialized knowledge to a business problem or decision. Examples of consulting services include counsel, advice, facilitation, process design, training or coaching, research, analysis, organizational change management assistance, technology implementation, operational improvement services, and development of plans, recommendations, or strategies.

*Contract:* A document, in whatever form or format, that contains narrative provisions governing the terms and conditions of the procurement, such as (1) cost and other financial terms; (2) quantity (3) renewal, termination, or cancellation; (2) liability or limits thereof; (3) warranties or limits thereof; (4) disclaimers; (5) hold harmless, indemnification, or attorney's fees provisions; or (6) choice of forum or venue for disputes.

*Contract Duration:* Period of time of the commitment for the purchase of goods and services.

*Individual/Sole Proprietor:* A vendor who provides a service to the University directly, *i.e.*, not through a corporation or other legal entity. Payments made to an individual or sole proprietor require completion of an Independent Contractor versus Employee Determination Form (<http://www.uvm.edu/policies/acct/relateddocs/indcontractform.pdf>). Payments made to an individual for services are (IRS) Form 1099-Miscellaneous reportable.

*Professional Services:* Services that, by their nature, involve unique creativity, talents, and abilities or special training and/or skills. Examples of professional services providers include architects, attorneys, designers, and engineers.

*PurCard (purchasing card):* A credit card issued to University-authorized cardholders for the purpose of completing small dollar purchases up to \$4,999.99.

*Purchase Order:* An agreement between the University and the vendor to whom it is issued. A purchase order contains the University's standard terms and conditions, to which the vendor agrees to conform in fulfilling the order.

*Quotation:* An informal method of obtaining pricing from a vendor that can be completed at the department level. Quotations are required from a minimum of three (3) vendors for purchases whose value exceeds \$25,000 but is less than \$50,000.

*Quotation Evaluation Form:* A Quotation Evaluation Form allows departments to record and compare quotations received from vendors for purchases whose value exceeds \$25,000 but is less than \$50,000.

*Request for Proposal (RFP):* A formal method of soliciting proposals from vendors for specific University needs. The RFP process is administered by Procurement Services.

*Requisition for Purchase:* An electronic form used to communicate the department's request to Procurement Services for a Purchase Order.

*Single/Sole Source Justification Form:* A Single/Sole Source Justification Form is required for all purchases whose value exceeds \$50,000. The requesting department must detail the reason(s) why an exception to the RFP process is being requested.

*Sole-Source Selection:* Sole-source selection of a vendor is allowable for goods and services that, as confirmed by Procurement Services, are only available from a single source. Examples include specific software programs, and repair parts and accessories only sold by the manufacturer or its authorized representative.

## **Procedures**

See Policy Elaboration.

## Forms

Quotation Evaluation Form

<http://www.uvm.edu/~procure/forms.htm>

Single/Sole Source Justification Form

<http://www.uvm.edu/~procure/forms.htm>

Independent Contractor vs. Employee Determination Form

<http://www.uvm.edu/~uvmppg/ppg/acct/relateddocs/indcontractform.pdf>

## Contacts

Questions related to the daily operational interpretation of this policy should be directed to:

Procurement Services  
656-4192

The Vice President for Finance and Administration is the official responsible for the interpretation and administration of this policy.

## Related Documents/Policies

Purchase Order and Contract Approval Requirements for Procurement or Lease of Goods and Services

[http://www.uvm.edu/policies/procure/contract\\_app\\_chart.pdf](http://www.uvm.edu/policies/procure/contract_app_chart.pdf)

Contract Approval and Signatory Authority Policy

<http://www.uvm.edu/~uvmppg/ppg/procure/contract.pdf>

Purchasing Card Program (PurCard)

<http://purcard.uvm.edu/>

Independent Contractor Policy

<http://www.uvm.edu/~uvmppg/ppg/acct/indcontract.pdf>

Movable Equipment Policy

[http://www.uvm.edu/policies/grants/moveable\\_equipment.pdf](http://www.uvm.edu/policies/grants/moveable_equipment.pdf)

## Effective Dates

V. 4.1.14.1 approved by the President August 21, 2006;

V. 4.1.14.2 effective June 2, 2008 (incorporated Interim Procurement Processes – Related Documents);

V. 4.3.20.3 approved by the President January 21, 2011 as *revised*