

Procedure 3201 PR.02 Competitive Bidding

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Overview

1. This Procedure is a supplement to [General Purchasing Policy 3201](#) and the associated [Procedure 3201 PR.01](#). The Policy outlines the procurement practices for purchasing all goods and services at Yale University and the Procedure outlines the process of obtaining goods and services at Yale University. This guide is intended to give the buyer step by step instructions on how to do competitive bidding.

Departments are encouraged to contact Purchasing Services for assistance in formally requesting competitive bids or quotes. The competitive bidding process may be complex and Purchasing Services can often provide important expertise and leverage in negotiating with vendors.

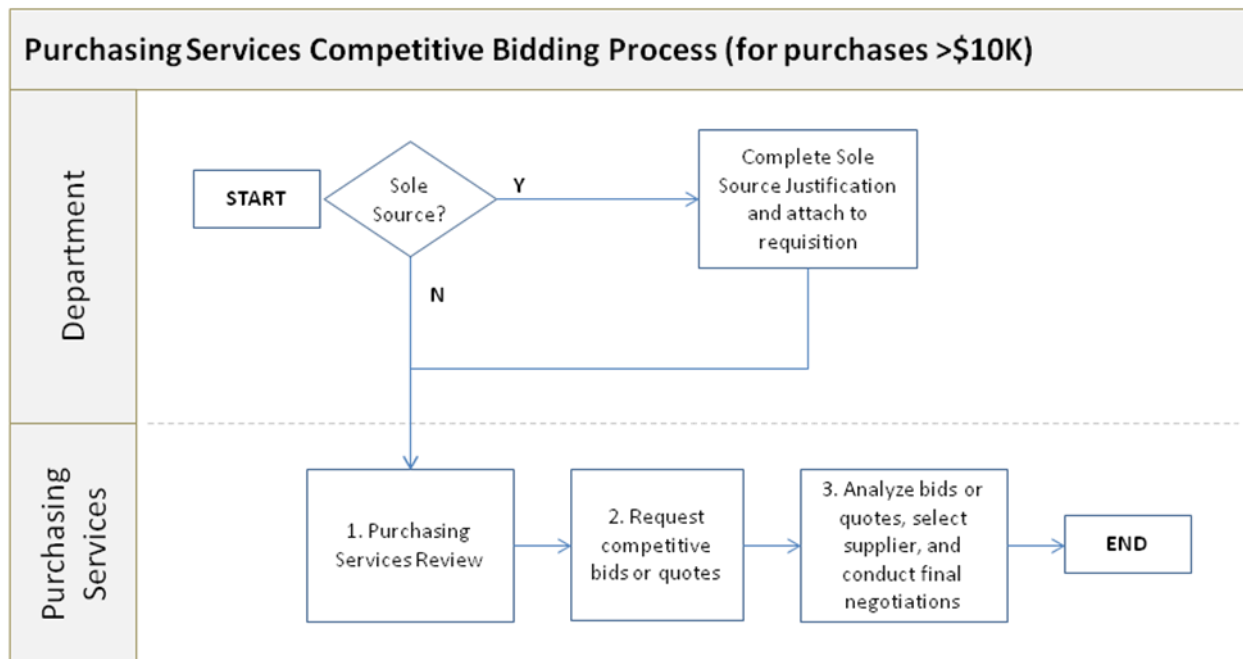


Figure 1: Purchasing Services Competitive Bidding Process

1 – Purchasing Services Review

If the purchase cost of the good or service being initiated is greater than the University's competitive bidding threshold stated in [Policy 3201](#), the Preparer must follow the competitive bidding process

described below. The Preparer must prepare a SciQuest requisition, as detailed in [Procedure 3201.PR.01](#) section 2A (add hyperlink) and forward to Purchasing Services for review.

Purchasing Services will review the Purchase Requisition for:

- Opportunities for using contract vendors
- Adequate sole/single source justification
- Opportunities for savings
- Opportunities for improvements in terms and conditions
- Legibility and accuracy of the order

Using Sole or Single Source Justification

If the Preparer and Purchasing Services are unable to identify at least three suppliers capable of providing the good or service, the purchase may be completed using a single or sole source justification. Purchasing Services should be consulted whenever a sole/single source purchase is being considered to support price and/or terms and conditions negotiations.

a. Sole Source

If the good or service is unique or proprietary, or if a vendor has an exclusive or territorial agency and will not meet the criteria for competition, the purchase may be completed by requesting a sole source waiver to the University's competitive bidding process.

Example: The need for a sole source supplier usually arises when the good or service is unique (e.g., state-of-the-art laboratory equipment, specialized software, patented materials or techniques).

In this case, [Form 3205 FR.03](#), *Explanation for Single/Sole Source* must be submitted along with a purchase requisition for the good or service.

b. Single Source

If the Preparer and Purchasing Services determine that a particular supplier is the only source from which a good or service may be purchased, even though the good or service is available elsewhere on a competitive basis, the purchase may be completed by requesting a single source waiver to the University's competitive bidding process.

Example: The decision to use a single source supplier is usually related to efficiency or quality considerations. For example, if a University athletic team has identified a piece of equipment from one supplier as superior in performance to the same piece of equipment offered by other vendors, the supplier may be selected as a single source supplier for any new purchases of that equipment.

The Preparer must then complete [Form 3205 FR.03](#), *Explanation for Single/Sole Source* and submit it along with a purchase requisition for the good or service.

2 – Requesting Competitive Bids and Quotes For goods or services in excess of the University's competitive bidding threshold, at least three written bids must be requested, reviewed, and included as part of the purchasing transaction record unless a single/sole source justification is being used (see section 5 above). The procedures detailed in this section are not required for purchases below the University's competitive bidding threshold.

Note: In very limited circumstances, a department's P-Card limit could allow purchases above the University's competitive bidding threshold. In those instances, P-Card holders are still responsible for obtaining, documenting, and retaining competitive bids or quotes in accordance with University policies and procedures.

1. Prepare a Request for Proposal or Request for Quote

The Preparer, where appropriate, must develop a Request for Proposal (RFP) or Request for Quote (RFQ) in order to solicit bids from potential suppliers. The difference between RFPs and RFQs is explained below. Purchasing Services is available to assist departments in selecting, completing and reviewing the most appropriate method.

a. Select the RFP or RFQ Method

Request for Proposal (RFP)

RFPs should be used when the department's business needs could be met in multiple ways, the ultimate product or quantity is uncertain, or the scope of work could change. RFPs allow competing suppliers to describe their proposed methodologies or processes for meeting the University's needs in addition to their pricing information. In general, most purchases of services should use an RFP to request competitive bids.

Request for Quote (RFQ)

RFQs should be used if a purchase has clearly defined parameters and the scope of work is unlikely to change. RFQs provide clear specifications for the desired good or service and do not generally request information on the suppliers' processes or methodologies. RFQs are most appropriate when the good or service is standardized and suppliers' products or services are very similar.

Note: If the purchase involves consulting or other professional services, a copy of [Form 3210 FR.01](#), *Standard Professional Services Agreement* should be included with the RFP/RFQ. Refer to [Policy 3210](#), *Contracting for External Consultants and Other Professional Services* for more information.

2. Obtain Bids or Quotes from Vendors

The Preparer must confirm that he or she understands the following guidelines for establishing a fair competition when requesting formal bids or quotes from vendors in order to ensure that each vendor has an equal chance in the competition. Purchasing Services is available to assist departments in the bid or quote solicitation process.

a. Send RFP/RFQ to Vendors

The Preparer must send the RFP/RFQ to at least three qualified vendors. Each RFP/RFQ must be identical and sent to each vendor at the same time to ensure a fair competition.

Note: Prior to the established due date, competing vendors may submit questions on the RFP/RFQ to the University. All vendor questions and the subsequent University answers must be provided to each of the competing vendors in writing and at the same time.

b. Receive Bids or Quotes

Vendor proposals or quotations may be received by U.S. mail, fax, e-mail, overnight mail, or hand delivery. Bids or quotes received by Purchasing Services will be forwarded to the appropriate Buyer for review and analysis. As soon as a bid or quote is received, it should be stored in a secure area. Bids or quotes must not be shared with any person unless he or she has a vested interest in the decision-making process. **Bids or quotes submitted to the University are strictly confidential and under no circumstances should vendors be given information about bids or quotes from competing sources.**

Note: Purchasing Services and General Counsel are the only offices authorized to sign Yale University contracts. If a contract is provided with a quotation or proposal, it must be sent to Purchasing Services for review and signature along with the purchase requisition, as noted in Section 7 of this procedure.

c. Confirm Bids or Quotes are Complete

The Preparer should review all received vendor proposals or quotations to ensure that they are complete. The University may choose not to consider incomplete submissions in order to preserve the fairness of the competition. The following information should be included in each bid or quote:

- Clear and accurate description, including specifications, for the product or service
- Net cost of the product or service, either as a whole or by its components
- Other related costs (e.g., surcharges, maintenance, handling fees)
- Delivery time and shipping/installation cost
- Payment terms

Note: Yale University's standard payment terms are Net 30, meaning that the University will submit properly authorized payments to a supplier within 30 days.

- Environmental specifications of the product or service including, but not limited to, product life cycle analysis, raw materials and energy costs of product manufacturing and delivery, recycled content and recyclables of the product, any possible health concerns regarding its use and disposal (e.g., toxicity of materials or ingredients), and possible end-of-life product recovery by its company
- Warranty and other data applicable to individual situations
- Professional Services Agreement terms and conditions, if applicable (Refer to [Policy 3210](#), *Contracting for External Consultants and Other Professional Services*)

3 – Analyzing Bids or Quotes and Selecting Vendors

A thorough analysis of each bid or quote received is required prior to selecting the final vendor. Therefore, the Preparer must read each bid or quote carefully and consider the guidelines stated in this section to ensure that the University's resources are used effectively. Purchasing Services is available to assist with the analysis as requested.

1. Analyze the Bids or Quotes

Purchasing Services provides [Form 3205 FR.02](#), *Quotation Record* to assist departments in organizing and documenting their analyses. Refer to the template instructions for detailed information. In general, the Preparer should consider the following key questions when reviewing bids or quotes:

- Does the vendor provide the best mix of quality, service and price for the specified University need?

Note: Federal regulations may require primary consideration of the lowest price from a qualified vendor whose bid was received by the bid closing date unless quality, service, or delivery time takes priority as to need.

- Does the vendor have the financial stability, size, and service infrastructure to effectively meet the University's needs?
- Will the proposed delivery schedule meet the department's "need-by" date?
- Are the product's quality and vendor's performance reputation acceptable in the context of University use?

- Will the vendor satisfy all requirements of the sponsored award, if applicable?
Note: Be aware of applicable Federal or other sponsored program regulations with regard to purchases funded by grants or contracts, including those regarding debarred or suspended vendors as noted in [Policy 3201](#), *General Purchasing*.
- Do the vendor's proposed terms and conditions and stated insurance level deviate substantially from the University's [Standard Terms and Conditions](#) and [Insurance Requirements](#)?
Note: Analysis of vendor terms and conditions or insurance levels may be complex. It is strongly recommended that the Preparer request assistance from Purchasing Services in reviewing this information.
- Does the vendor qualify as a diversity supplier or otherwise support University sourcing initiatives?
- Do the vendor's business practices and products support the University's environmental sustainability initiatives?

2. Request New Bids or Quotes, if Necessary

If the Preparer determines that none of the received bids or quotes can meet the department's business needs, based on the results of the bid or quote analysis, a new RFP or RFQ may be issued. It is strongly recommended that the department contact Purchasing Services for assistance prior to initiating a new bidding process.

If a new RFP or RFQ is issued, the Preparer must ensure that all vendors who have submitted bids or quotes for the original RFP or RFQ are notified and have an equal chance to submit another bid or quote.

3. Select a Supplier

a. Negotiate with Vendors

Based on the results of the bid or quote analysis, the Preparer must identify the supplier(s) that appear best able to meet the department's business needs. The Preparer may then initiate discussions with vendors to ask any questions and clarify any details regarding the bid or quote. During these discussions, it is appropriate to negotiate any required or desired price, performance, or terms and conditions improvements.

Note: Do not discuss the specifics of competing bids with vendors or any University employee outside of the negotiation team; such information is confidential.

Prior to negotiations, the Preparer should:

- Contact Purchasing Services to request assistance in establishing an appropriate negotiation team;
- Consider and decide on negotiation points, positions, and possibilities for vendor concessions; and
- Establish an appropriate timeframe to negotiate and make the purchase decision.

b. Make the Supplier Selection

Once negotiations are complete, the department must determine which supplier will provide the best overall product or service based on the documented business needs and results of the bid or quote analysis.

c. Document the Vendor Selection Process

Document the evaluation of vendors with respect to the life cycle cost and other factors described in Section 6-1 using [Form 3205 FR.02](#), *Quotation Record*.

Note: Special documentation considerations apply if the purchase involves consulting or other professional services. Refer to [Policy 3210](#), *Contracting for External Consultants and Other Professional Services*.