

Procedure for Rice University Policy No. 814

PROCEDURES ASSOCIATED WITH PROCUREMENT POLICY (POLICY 814)

Table of Contents

- I. Introduction, Definitions and Overview
 - A. Definitions
 - B. Purchasing Roles
 - C. Process Overview
- II. Purchasing and Procurement Responsibilities
 - A. Individual Departments/Area
 - B. Office of Procurement
 - C. Controller's Office
- III. Purchasing Authority (Authority to Commit University Funds)
 - A. Delegation of Authority
 - B. Review and Update of Delegated Authority
 - C. Suspension or Revocation of Delegated Authority
 - D. Unauthorized Purchasing Activities
- IV. Purchasing Representative of Rice
 - A. Appointment
 - B. Direct Responsibilities of a Purchasing Representative
 - C. Required Access to Banner and Purchasing Tools
- V. Planning for Purchasing
 - A. Available Budget
 - B. Fund Restrictions
 - C. Competition
 - D. Sales Tax
 - E. Small or Historically Underutilized Businesses (HUBs)
 - F. Restricted Commodity Groups
 - G. Special Purchasing
- VI. Levels of Authority at Rice University
- VII. Methods of Purchasing/Procurement
 - A. Purchasing Card
 - B. Purchase Order
 - C. Reimbursement
- VIII. Vendor Management
 - A. Approved Vendors
 - B. Preferred Vendors
- IX. Receipts and Settlement
 - A. Receipt Process
 - B. Settlement

I. Introduction, Definitions and Overview

Rice University's purchasing procedures are designed to clarify and give guidance to Rice employees and students who are required or find it necessary to acquire goods or services on behalf of the University. These procedures have been established in order to promote compliance with the [University's Procurement Policy](#) No. 814 as revised. It is the policy of Rice University that procurement and purchasing activities are performed in a lawful and ethical manner. Employees and students shall act responsibly in the conduct of purchasing activities while remaining within the limits of available resources of the department or area. For the purpose of purchasing, the majority of employees and students have no authority to spend University funds. Only individuals appointed to a position that permits them to spend University funds are authorized to conduct transactions on behalf of the University.

A. Definitions

Agreement – (also often referred to as “Contract”) For the purposes of Policies 810 (Rice University Signature Authority), 814 (Procurement Policy), and these procedures, a contract/agreement with respect to procurement and purchasing activities at Rice University is defined as a legally binding written agreement of a business nature committing the University to an exchange of funds or other consideration by the University to a vendor in return for goods or services provided by the vendor.

Approved Vendor - A vendor (also referred to as a “supplier”) that has qualified for inclusion into the Rice University Vendor master database and may be selected for use by employees and students as determined by the requirements of a particular need within their respective departments or areas and in accordance with this policy and associated procedures.

Contract – see Agreement above.

Department Head/Area Leader - (also referred to as “Department Head”) refers to the Chair, Dean, Department Head, Vice Provost, or Vice President of the school or organization appointed to the position and accountable to the University for the funds entrusted to them. Department Head, as defined here and used throughout these procedures also includes area or unit leaders who may not hold the specific title but serve in the capacity as the leader of their respective area or unit.

Electronic Procurement – (also referred to as “eProcurement”) A system by which the University may purchase goods and services through the Internet as well as other information and networking systems (At Rice University, this is known as “Rice Marketplace.”)

Procurement - The comprehensive process of acquisition of appropriate goods and/or services at the best possible total cost to meet the needs of the University in terms of quality and efficiency of time.

Preferred Vendor – An approved vendor who has further qualified to receive a designation that directs employees and students to consider this vendor exclusively for particular goods and services, to the maximum extent feasible, compared to all other vendors.

Purchasing –The action of acquiring appropriate goods or services to accomplish the goals of the University, department, or researcher.

Purchasers – with respect to purchasing activity at Rice University, any employee or student authorized by the Department or area to commit University funds towards the purchase of

goods/services from vendors for the sake of daily business activities in accordance with this policy and associated procedures.

Purchasing Representative – An employee of Rice who is appointed by a Department Head to serve as the purchasing point of contact to the Office of Procurement for his or her department or area. Purchasing representatives may also be purchasers for their Department or area.

Vendor Management – The processes and procedures of initiating, maintaining, and managing vendor information to enable the University efficiently to conduct transactions with vendors.

B. Purchasing Roles

At Rice University, employees and students are assigned “purchasing roles” that permit easy understanding of an individual’s functions and responsibilities in the purchasing process. Each role carries a set of permissible tasks and levels of access that allow Departments to manage the flow of demands in the purchasing process and efficiently process them. Additionally, the roles are designed to ease the burden on department administration in training and direction of respective activities as it applies to the purchasing process.

Each role has specific responsibilities and varying degrees of authorities. The roles are listed and defined below.

1. **“Shopper”** refers to any employee or student who wants to purchase a good or service at the University for a valid business need in the normal course of business but is not provided the authority to spend University funds. All employees are considered Shoppers. Students will be designated as Shoppers at the request of a Department (for example, grad students in a lab.)
2. **“Purchaser”** refers to any employee or student authorized by the Department or area to select and purchase goods/services from vendors for the sake of daily business activities in accordance with Policy 814 and these procedures. Purchasers will have the authority to spend money on behalf of the University for valid business purposes and receive delegated authority to a specific dollar threshold.
3. **“Purchasing Representative”** refers to an employee of Rice who is appointed by Department or area leadership to serve as the purchasing point of contact for the Office of Procurement for his or her department or area. Purchasing representatives may also be purchasers for their Department or area. The purchasing representative will be trained and certified to act as the authority on purchasing processes and policy on behalf of the department leadership.
4. **“Department Head/Area Leader”** refers to the Chair, Dean, Department Head, Vice Provost, or Vice President of the school or organization appointed to the position and accountable to the University for the funds entrusted to them. Department Head, as defined here, includes area or unit leaders who may not hold the specific title but serve in the capacity as the leader of their respective area or unit.

NOTE: In some circumstances, individuals may be required to serve in multiple roles noted above based on the internal requirements of the Department. Refer to Section VI herein for a complete description of specific responsibilities and what specific spending levels each role carries with it.

C. Process Overview

Employees of Rice, and students where applicable, are expected to identify particular needs in the normal course of business that will require the procurement of goods or services. This will be accomplished through the use of a general purchasing process and in accordance with Policy 814 and these procedures contained or referenced within this document. It is recognized that, in rare

circumstances, there may be a requirement to deviate from these procedures. In all such instances, purchasing representatives are expected to consult with the Office of Procurement to address a requirement that does not lend itself to the procedures so that it is handled through processes that maintain accountability for the University. Employees and students who violate the policy and these procedures may have their purchasing privileges restricted, suspended, or terminated as well as be subject to other disciplinary action.

1. Responsibility and Accountability for Rice University Funds

Employees and students are reminded that the application of University funds carries with it significant responsibility and the maintenance of accountability shall be the predominant concern throughout all processes. The core principles to apply when considering the application of Rice University funds to any transaction shall be:

- a. The purchase is necessary for Rice to accomplish its mission of teaching, research and public service.
- b. The transaction is reasonable and allowable.
- c. The transaction is for the benefit of Rice, not for personal use or benefit of an individual.
- d. The transaction is in accordance with tax laws, government regulations, and donor stipulations.
- e. The transaction is within available funds.

All Purchasers and Purchasing Representatives are responsible for ensuring that Policy 814 and these procedures, as well as requirements of sponsored agreements, are strictly followed in order to maintain fiscal controls which are used to prevent abuse or misuse of University funds and/or other resources.

While it is understood that it would be unreasonable for these procedures to specify every possible transaction that is appropriate or inappropriate, it is the expectation that all employees and students who are appointed as Purchasers shall make sound and reasoned judgments and will be expected to preserve all documentation used to determine the appropriateness of all transactions.

2. The Procure-to-Pay Cycle



Rice University operates a decentralized “procure-to-pay cycle” where employees and students follow prescribed methods of acquiring goods and services without, in most instances, having to consult a central purchasing organization to complete transactions. Procurement carries with it significant responsibilities in each of the areas identified below:

- Planning for purchasing
- Identifying and selecting one or more vendors
- Determining the method of procurement
- Obtaining the required approvals within the Department/University
- Receiving the goods or services
- Submitting accurate invoices to the Controller for payment

Each of the activities listed above carries great significance in maintaining the financial accountability at the University and preserves the University's good standing in the marketplace. The importance of the respective roles that employees and students play in the procure-to-pay cycle cannot be understated. Use these procedures to effectively and efficiently undertake each of the steps in the procure-to-pay cycle at Rice University.

II. Purchasing and Procurement Responsibilities

Purchasing activities at the University involve the effort of several different departments/areas. Standardization is the key to simplicity and efficiency. It keeps costs of processing transactions low and focuses the majority of the effort on selecting the right goods or services on behalf of the end-user and the University. Each participant in the purchasing process has a general set of responsibilities that guide their activities.

A. Individual Departments/Areas

Individual departments are empowered to pursue purchasing activities that are a key to their success. Each department is expected to understand what goods and services are necessary for their operations, and the University provides the tools and responsibilities to procure these goods and services. The responsibilities of employees (and students where applicable) in individual departments include but may not be limited to:

- Consistently follow University policy and procedures.
- Provide sound stewardship for all funds within the department's control including sponsored agreement funds.
- Ensure accurate and timely response to all audits of purchasing activity for a department.
- Identify and plan department/area purchasing requirements in advance of annual budget submissions.
- Submit proper documentation and specific accounting information in advance of purchases to facilitate accurate accounting and thereby enable prompt vendor payment.
- Reconcile ALL purchasing card transactions to the monthly statement per the purchasing card procedures. [Click here to see the purchasing card procedures manual.](#)
- Review monthly financial reports and initiate needed corrective actions on a timely basis.

As Department Heads serve in a capacity that permits a specific level of accountability and authority to commit Rice University funds, these individual are required to oversee the implementation and ongoing performance of purchasing activities within their area. The direct responsibilities of a Department Head include:

- Appointing all purchasers in their Department/Area
- Appointing one or more Purchasing Representatives of Rice (as described in these procedures and elsewhere in Rice policy).
- Implement all necessary departmental or unit procedures to ensure compliance with the governing policy and these procedures and eliminate those procedures that do not conform to Policy 814 and these procedures.
- Ensure that the reconciliation of all financial records resulting from purchasing activities occurs in a timely manner in accordance with Rice policies and procedures.
- Ensure that necessary compliance actions are taken in cases of unauthorized purchasing activities and/or consult with the Office of Procurement to develop and implement appropriate actions to ensure continuity of purchasing activities.
- Coordinate with the Office of Procurement to ensure availability of purchasing representatives for requisite training on an ongoing basis so that purchasing representatives are knowledgeable and can apply University policy governing the commitment of Rice resources.
- Periodically review delegation of authority for purchasers and purchasing representatives including dollar-level of authority in accordance with established Rice University procedures.

B. Office of Procurement

The Office of Procurement is responsible for maintaining the Policy 814 and these associated procedures for Rice University and to aid departments/areas in understanding and following the policy and procedures. The Office of Procurement will assist departments/areas in making informed best-value purchasing decisions and help secure the products and services needed in an efficient and cost-effective manner. The primary responsibilities are:

- Maintain, interpret, and coordinate enforcement of purchasing policy and procedures.
- Monitor approved purchasing methods in accordance with the policy and procedures to ensure appropriate and efficient use by purchasers and purchasing representatives.
- Monitor purchasing processes at the University level to ensure only a reasonable amount of burden is placed on departments to pursue purchasing activities.
- Provide assistance to purchasing representatives to develop feedback mechanisms and metrics to record and analyze vendor performance.
- Implement standardized processes to purchase from approved vendors.
- Manage the University's vendor management system.
- Strive to resolve disputes between vendors and Rice in a manner that supports University needs.
- Review vendor agreements, price sets, preferential pricing agreements, and other vendor-related documentation so as to ensure the University is receiving the greatest value from such agreements.
- Where required or requested, assist departments in executing competitive bids or the maintenance of best value propositions in individual transactions.
- Assist departments in the creation and issuance of purchase orders, as required.
- Monitor the activity of all purchasers to ensure compliance with policy and procedures.

C. Controller's Office

Within the Controller's Office, select areas are responsible for payment-related functions as noted in the payment procedures and other Controller's Office documentation. Please refer to the Controller's website for more information concerning this topic.

III. Purchasing Authority (Authority to Commit University Funds)

Rice University currently maintains a “distributed” purchasing operation meaning the majority of the responsibility for purchasing and other procurement activities are managed within the individual departments /areas but governed by a policy, procedures and centralized authority. By following the policy and these procedures, departments/areas will use a standardized set of processes and tools.

A. Delegation of Authority

Department Heads/Area Leaders (hereinafter “Department Head”) are granted the authority to conduct purchasing activities on behalf of the University to support the efficient operation of their respective organizations. Due to the size and complexity of a department/area, there may be a need to delegate this authority, with certain limitations, within the organization, to responsible individuals who will act in a purchasing capacity on behalf of the Department Head. The delegation passes the authority to purchase on behalf of the Department Head to a designated individual who will be able to use the approved methods of purchasing.

The authority to delegate the responsibility to conduct purchasing transactions at Rice University is granted via a written delegation. This authorization is limited to the responsibility of an individual within a department/area to act in the purchasing capacity as defined by the Department Head.

Only Department Heads are permitted to issue this delegation. Department Heads are reminded that the accountability for the funds does not transfer and it is their individual responsibility to ensure that appropriate controls over the funds entrusted to them be maintained to University standards at all times.

1. Delegation of Authority – **Initial Set-up of an Employee or Student**

In the case where a Department Head seeks to issue a delegation to an employee or student who has not previously held a delegation in another department or area, the Department Head shall establish a Banner Account within the University’s Banner system that sets the following parameters for an individual receiving delegated authority for purchasing:

- a. Set an individual’s role to “**Purchaser.**”
- b. Set the amount of delegated authority to one of the three authorized levels (see Section VI. Levels of Authority at Rice University).
- c. Set the authorized funds within the Department that will be available to the Purchaser to apply to the transaction at the time of purchase (in Rice Marketplace) or post to after the transaction in Concur (p-card).
- d. Establish access to only those purchasing tools that are necessary to permit efficient purchasing on the part of the Purchaser. (In many cases, Departments may elect to have most Purchasers use only the Rice Marketplace while limiting the number of individuals who have access to a p-card.)

2. Delegation of Authority - **Update of Delegation of Authority**

In the case where an employee or student already has a valid Banner Account and has held a previous delegation, it is only necessary for the Department Head to modify the delegation to reflect the current needs of the employee or students new position.

- a. Verify the individual’s role is set to “**Purchaser.**”
- b. Review, confirm or alter the amount of delegated authority to one of the three authorized levels (see Section VI Levels of Authority at Rice University).

- c. Review, confirm or alter the authorized funds within the Department that will be available to the Purchaser to apply to the transaction at the time of purchase (in Rice Marketplace) or post to after the transaction in Concur (p-card). **REMINDER** – To ensure accountability is maintained, Department Heads must verify that all access to funds outside of the Department/Area is removed from the individual’s Banner security profile before permitting the individual access to any purchasing tools.
- d. Review access purchasing tools and alter, as appropriate, to permit access only to those purchasing tools that are necessary to permit efficient purchasing on the part of the Purchaser. (In many cases, Departments may elect to have most Purchasers use only the Rice Marketplace while limiting the number of individuals who have access to a p-card.)

3. Delegation of Authority - **Limitation, Suspension, or Termination of Delegated Authority**

In the event that it becomes necessary to limit, suspend, or revoke an individual’s purchasing authority, either by the Department Head or the University, the Department Head is responsible for notifying the Office of Procurement as soon as possible in order to restrict or remove the individual’s access to various purchasing methods. The Director of Procurement will take all steps required to act upon the suspension or revocation to prevent any further purchasing activity. The Director of Procurement will document the action taken to the Department Head, Administrative Systems and the Controller to ensure the individual has no access or authorization to commit Rice University funds until such time that the Department Head or University determine that reinstatement is appropriate. To reinstate an individual, see section III.A.2. above.

NOTE: The University may limit, suspend, or terminate an individual’s purchasing authority in select cases where department action is ineffective or otherwise insufficient to modify the activity of an individual who is violating policy or procedures.

4. Delegation of Authority – **Review of Delegations**

No less than annually, the Director of Procurement will coordinate the review with Department Heads of all individuals holding a delegation authorization (excluding delegations from the President or the Provost) and the associated access to the purchasing methods granted with each delegation. It is the responsibility of the Department Heads to review the list by the specified due date and acknowledge the accuracy to the Director of Procurement. Changes to delegated authority can be made at any time by submitting a request to the Office of Procurement.

B. Unauthorized Purchasing Activities

Any purchasing activity that occurs outside of methods and procedures described herein represents a breakdown in the departmental/area review process and results in higher processing costs and increased risk to the University. Any activity that creates a commitment on behalf of Rice University that does not conform to the policy and these procedures shall be deemed an **unauthorized commitment**. Any employee or student acting outside the policy and procedures, including making representations or commitments to vendors or other suppliers that obligate Rice to a transaction outside of the procedures, may have their purchasing privileges suspended or terminated, as well as be subject to other disciplinary action.

1. Assessment of Fees

Unauthorized purchasing activities result in additional work for administrative and financial support personnel at the University. As such, the University may assess fees to the

department to cover the cost of processing one or more transactions that were the result of unauthorized purchasing activity. All fees shall be collected by the Controller.

IV. Purchasing Representative of Rice University

Upon delegation by the Department Head, one or more employees will be designated a **Purchasing Representative** for the Department or area. The Purchasing Representative is **directly responsible** to the Department Head to act as the main point of contact in the department for all purchasing matters and shall work to ensure that the Policy 814 and these procedures are understood and followed within the department/area by all employees and students. The Office of Procurement will train all Purchasing Representatives in order to develop a standard skill set among Purchasing Representatives and Procurement will serve in a capacity to support their efforts in the departments/areas.

A. Selection of Purchasing Representatives

Department Heads or area leaders will select individuals to become Purchasing Representatives for their departments or areas. Each individual nominated will be trained in this capacity against a set of standards to promote consistency in process and procedures across the entire campus. Upon completion of training, they will receive a certification by the Office of Procurement as a Purchasing Representative. The Purchasing Representative is not projected to be a full-time position but rather is intended to serve as a collateral duty overseeing responsibilities that currently exist in most departments or areas to varying degrees. To ensure University performance standards are maintained, no individual shall be permitted to act as a Purchasing Representative until training is complete. In circumstances where the Department Head elects to function as a Purchasing Representative, training will be provided by the Office of Procurement upon appointment to the position or as soon thereafter as possible.

1. Required Access to Banner and Purchasing Tools

Upon certification, Purchasing Representatives shall be given access to all of the tools and processes needed to execute their duties in their assigned capacity at Rice. At a minimum, all Purchasing Representatives shall have:

- An appropriate Banner Security profile to permit access to all relevant funds within the purchasing organization(s) as designated by the Department Head/Area Leader.
- Delegated approval authority to a reasonable spending level as determined by the Department Head on all or as many funds as designated by the Department Head that permits the Purchasing Representative to approve on behalf of the Department in cases where other approvers may not be available and appropriate internal department controls are maintained. This will insure no purchasing activity becomes stalled in processing within the Department.
- Access to the appropriate purchasing tools and methods as described in Policy 814 and these procedures.

B. Direct Responsibilities of a Purchasing Representative

The role of Purchasing Representative will be a portion of an individual's total responsibility in their position within a department. The responsibilities of the role are important and will be monitored to ensure compliance with the standards of the University's policy and these procedures. The standard responsibilities include, but may not be limited to:

1. **Purchasing point of contact** – Purchasing Representatives shall act as a resource to their department on all purchasing issues and be fully knowledgeable on Policy 814 and these procedures. Purchasing Representatives will serve in an advisory role for employees and students with regard to purchasing processes, vendor selection, and the tools available to personnel to process requirements.
2. **Represent Rice** – Purchasing Representatives will, upon a transaction being initiated in accordance with the policy and these procedures, represent the department and Rice to the

approved vendor(s) for the purposes of that transaction. Purchasing Representatives will consult with the Office of Procurement if there is any issue that is beyond the scope of these procedures and the training they have received in order to ensure the intent of University policy is preserved in all transactions.

3. **Vendor management** – Purchasing Representatives will submit applications for new vendors to the Office of Procurement or direct employees or students to do so when necessary to permit purchasing through Rice Marketplace. Purchasing Representatives are responsible for ensuring the required documentation is properly submitted and may be required to further justify the adoption of a vendor by the Director of Procurement. Refer to Section VIII. herein for more information on vendor management. Purchasing Representatives will make all reasonable efforts to prevent vendors, approved or otherwise, from unscheduled solicitations on campus and instruct vendors on the appropriate process to register with the Office of Procurement.
4. **Maintain the standards of Rice** – As a result of their appointment and training, Purchasing Representatives will ensure that employees and students do not make unauthorized commitments to vendors, use unauthorized processes, or otherwise act outside Policy 814 and these procedures. Purchasing Representatives have a duty to notify the Office of Procurement immediately upon discovery of any such activity so that the Office of Procurement can understand the potential risk created as well as work with the Purchasing Representatives to mitigate the consequences of such activity to the department and the University. The consequences for such unauthorized activity are dependent on the circumstances and determined by the Department Head in consultation with Rice University leadership.

V. Planning for Purchasing

In order to ensure the appropriate use of resources as well as extracting good value in each transaction, Purchasing Representatives must make reasonable efforts, working with Department administrators and leaders, to ensure employees and students plan purchasing in advance of the transaction as well as understand the nature of the purchase on behalf of the department. Purchasing Representatives are expected to ensure that Purchasers in their Department apply the following considerations to each transaction, as appropriate.

A. Available Budget

Purchasers must identify a source of funding for all purchases **prior to executing the purchasing commitment**. Departments are ultimately responsible to determine the source of funding and ensure that funds are available **prior to making a purchase**. Failure to ensure adequate funds are available within the fiscal year prior to making a purchase is a violation of the Policy 814.

B. Fund Restrictions

Certain funds have restrictions on how the monies may be spent and may stipulate what specific goods and/or services may or may not be purchased. When there is not a clear understanding regarding potential restrictions on the use of funds, it is the responsibility of the Purchasing Representative to seek the assistance of the Controller's Office to determine if there are restrictions before using a fund. Failure to adhere to fund restrictions is a violation of the Rice University policies. Examples of funds that may contain restrictions are:

- Sponsored Agreements
- Gift Funds
- Endowment Funds

C. Competition

Competition in purchasing is the process of seeking out and securing **written offers** for goods and/or services from vendors selected to participate based upon reasonable criteria developed by the employee/student/department. Competition is the most advantageous method to secure the best value in a particular procurement or purchasing action.

1. The \$25,000 Threshold

The current requirement for competition at Rice University begins when the total value of the transaction is anticipated to meet or exceed \$25,000.00 with a single vendor (this includes services and maintenance agreements).

a. Bid Solicitation

Competition is the process of assembling reasonable criteria in writing and placing that criteria into a solicitation document called a **bid solicitation**. [Please refer to the Simple Bidding Page for more information on how to conduct this vendor competition.](#) The bid solicitation is distributed to as many qualified suppliers/vendors as reasonable (no less than three). The creation of a bid solicitation is not intended to be a complex process. A bid solicitation is made up of these core components:

- A description of the requirements (with as much or as little detail as necessary to ensure as many of the vendors can reasonably understand those requirements and determine if they can produce or fulfill them);
- A date by which the goods or services must be delivered to the University;

- A clear and concise description of the factors that will be used to determine the winning bidder (low price, best value, most advantageous delivery terms, etc.)
- A due date when bidding closes and written quotes are due;
- A date when the bids will be reviewed and a winner(s) will be selected;
- The method by which the order will be placed (ex. “The winning bidder shall receive a Purchase Order from Rice University...”)

Use email as much as possible. Bid solicitations can be distributed using email (most cost-effective method) or via hardcopy printed material. Using email serves to create a very accurate trail of documentation and allows the employee/student to create a complete record of all communication regarding the bidding process.

The Office of Procurement assembles resources to standardize the competitive process as much as possible including making standard templates available to create and distribute bid solicitations, document the results, and present the selection of the supplier(s) for the record.

b. Requests for Proposal (RFP)

There are more substantive (and complex) methods of seeking goods and/or services in the market when a simple bid solicitation is not sufficient. In cases where complex products, services, or a combination of products and services are required to achieve a solution for the University, it may be best to draft and issue a Request for Proposal (RFP). The end result of an RFP process is usually the creation of a contract between the University and the successful vendor.

Some factors in determining if an RFP is appropriate are:

- A requirement is identified where it is important to evaluate detailed proposals from interested vendors because there is a reasonable chance that each vendor may provide a different or unique solution in response to the RFP;
- There is a reasonable chance that the competitive nature of the market will permit the University to negotiate more favorable terms based on the proposals received;
- There is a requirement to ensure the interests of all stakeholders in the project or procurement action are met and consensus is reached on the selection;
- There is a need to set the rules for proposal submission and other factors (ex., meetings and presentations, modeling, fabrications, testing, etc.) in order to ensure transparency of the competition and preserve documentation of the record.

The format of an RFP is much more complex when compared to a simple Bid Solicitation. Typically, an RFP contains the following elements in writing:

- Submission details (deadline, format for submission, point of contact for questions, etc.)
- Introduction and a summary of the requirement
- Overview of Rice University and the Department seeking Proposals
- Detailed specifications including but not limited to service levels, material tolerances, product drawings, deliverables and timelines, functionality, competencies of participating personnel, etc.
- A list or discussion of assumptions and constraints of the project or procurement action
- Terms and conditions
- Selection Criteria in as much detail as reasonable

2. Exceptions to the Competition Requirement

There are two situations where Purchasers may apply an exception to the competition requirement - a vendor or supplier has a Preferred Vendor Agreement with the University or there is reasonable chance that competition will not yield any enhanced value as the requirement is unique or otherwise qualifies in a way that waives the competition requirement.

a. Preferred Vendor Agreement

In accordance with the purchasing policy, if a vendor qualifies as a Preferred Vendor at Rice, Purchasers are directed to ensure those vendors are considered exclusively for particular goods and services, to the maximum extent feasible, compared to all other vendors. Additionally, the competitive requirement is waived up to \$100,000.00 for these vendors. If the purchase is at or above \$100,000.00, the competition rules then apply for all vendor, even those designated as Preferred Vendors.

b. Sole Source Justification (SSJ)

The University recognizes there will be instances when it is appropriate for a Purchaser to submit a Sole Source Justification (SSJ) to waive the competitive bid requirement. SSJs standardize the process so as not to create an unreasonable burden to the department processing the request as well as offer clear and concise reasoning to apply to the situation. It is important to understand that this is not an alternative purchasing method and that the Office of Procurement will review and approve the document before the commitment is made to a vendor.

The only valid reasons acceptable to have a waiver considered are as follows and each requires a written explanation:

- The product or service required is the only one that will meet the department/area's need and it can only be obtained from one source (manufacturer/distributor/service provider).
- The product or service is required to match existing installed equipment or systems or is obtained from a designated service provider to prevent a voided warranty or otherwise required by documented restrictions.
- The service is controlled by state, local, or municipal authority, utility, or government.
- This is a contract for professional or artistic services (Note – requires a Professional Services Agreement or PSA).
- The transaction is a re-order based upon a previous bid(s) resulting from a competitive award that has already occurred in the last calendar year and the pricing is set in accordance with that bid.
- An unusual or compelling urgency exists that requires Rice University to waive the competitive bid requirement. (Note; Inadequate planning is not a valid reason to waive competition and may result in rejection of the bid requirement)

D. Sales Tax

Rice University purchases are exempt from sales taxes in the State of Texas. In order to purchase items exempt from Texas state sales tax, vendors may require a [Texas Sales and Use Tax Exemption Certification](#) that is available through the Controller's Office. If a particular purchasing transaction with a vendor includes sales tax, immediately notify the Office of Procurement and obtain appropriate guidance to have the vendor amend the transaction to remove the tax prior to submission for payment. In cases where this may not be feasible for whatever reason, the Office of Procurement will consult with the Controller's Office to seek a solution and ensure Rice University does not incur the tax or is credited the tax back as soon as possible.

Purchasers may be required to conduct certain tasks related to this effort until the situation is resolved to the University's satisfaction. Purchasers are responsible for ensuring, to the best of their ability, that all transactions do not incur state sales tax.

E. Small or Historically Under-utilized Businesses (HUBs)

Rice is committed to making good faith efforts to utilize small or historically under-utilized businesses (HUBs), especially in the local community. In cases where quality, performance, and price are all relatively equal with all vendors considered for an opportunity, Rice expects Purchasers to make good faith efforts to utilize HUB-certified businesses in the purchase of goods and services for the University outside of the Preferred Suppliers.

Regarding Sponsored Agreement Funds and HUB Utilization - Certain sponsored agreements may stipulate specific purchasing requirements regarding small business, minority and women vendors. To discuss individual contract/grant requirements, departments should contact Research Accounting (ext. 5170).

F. Restricted Commodity Groups

There are some commodity groups where the University opts to dedicate all purchasing activity to one or more pre-selected vendors. In these cases, the University has identified a particular opportunity across the entire campus that, by directing purchasing to a pre-selected vendor(s), is advantageous to departments/areas and the University as a whole. In order to preserve advantages provided through respective agreements or contracts between the University and pre-selected vendors, Purchasers are responsible for checking all purchasing against the Restricted Commodity Groups list to prevent spending funds outside of the pre-selected vendors. Spending with vendors outside of those designated within the Restricted Commodity Groups will be considered unauthorized purchasing activity.

G. Special Purchasing Events

1. Leasing of Equipment

A lease is a contract - A lease is a legally binding contract with terms and conditions attached. Department/area leadership must understand that signing a lease not only commits the University to more than a set amount of money, but also obligates the department/area to covering the equipment (including, in some instances, insurance) and the remaining term of the lease that is owed regardless of the machine's functionality or condition. The Office of General Counsel and the Office of Procurement are available to review all lease agreements and department/areas are encouraged to have a review conducted to ensure the language of the agreement meets Rice standards. The University permits departments/areas to negotiate leases for equipment where the University interests, as a whole, and the department/area's interests, specifically, are preserved by entering into a lease versus a purchase of the equipment. It is important to verify any leased equipment against the Rice University Restricted Commodity Group list. For example, there are many pieces of equipment, specifically copiers, multi-function printers and other office productivity devices that are offered for lease that are already pre-negotiated and the lease process is simplified.

NOTE – PROPERTY TAX PAYMENTS

Rice is exempt from paying this tax, but vendors who own the property (equipment) that Rice is leasing are not. It is common for vendors to pass the responsibility for making property tax payments directly to the lessee and it is most often written as such in the lease agreement. This is a point of negotiation. Take care to understand if a vendor strikes the requirements and ensure it is noted in the lease agreement documents that will be signed. Most often, the vendor will not agree and the responsibility will be passed to the University and presented annually as an invoice. There are two key issues to address prior to signing any lease in this circumstance:

- a. Request an estimated amount of the taxes due and include this as an attachment to the lease agreement and encumber these funds accordingly in the purchase requisition.
- b. Ensure timely payment processing to avoid a lien being placed on the equipment as well as having the designated funds expire prior to settlement of the debt.

2. Professional Services

Due to the special nature and additional requirements on a number of issues that most goods and services procured from approved or preferred vendors do not account for, Rice University requires that all Purchasers understand and utilize professional services agreements when seeking or obtaining services from a services provider. The University restricts contracting or otherwise forming any commitment with a service provider without first drafting a Professional Service Agreement (PSA). The list below gives some examples of service providers. As noted, commitments to most service providers are not permitted through Purchasers as the University maintains specific areas of responsibility governing the activities of those noted as restricted. The list below is not all-inclusive. Please consult with the Office of Procurement to see if a particular supplier would be classified as a services provider.

- Consultants
- Guest lecturers/speakers
- Guest receiving honorarium (see 2.a. below)
- Accountants (Restricted)
- Attorneys – (Restricted) **Please note** – without exception, no University department/area is permitted to retain or use outside counsel without the expressed approval of the Office of General Counsel.
- Architects (Restricted)
- Designers (Restricted)
- Engineers (Restricted)

[The Professional Services Agreement \(PSA\) template is found here.](#) Use of a PSA does not waive the requirement to complete and submit a purchase requisition in the eProcurement system to encumber the funds and obtain a purchase order. The purchase order serves to create a financial record of the transaction and does not need to be distributed to the supplier. Instead, the purchase order will remain on file with the Office of Procurement along with the PSA in order to track the agreement for the term ensuring the record is settled to the satisfaction of all parties. [To see the process to use a PSA including when and how to process the documentation, click here.](#)

- a. Honoraria - The unique nature of honoraria requires processing in accordance with the Payment procedures. [Honoraria payments do NOT require a Purchase Order and should be processed in accordance with the Check Request procedures.](#)

Regarding Professional Service Payments:

The Internal Revenue Service (IRS) has stringent guidelines for determining whether an individual should be classified and treated as an employee or as an independent contractor. The general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not the means and methods of accomplishing the result. To determine whether an individual is an employee or an independent contractor under common law, the relationship of the worker and the business must be examined. For further information regarding determination of independent contractor status, contact the Director of Recruitment in Human Resources at ext. 6717.

3. Hazardous Materials/Select Agents/Controlled Substances

Hazardous Materials include, but may not be limited to:

- Select Agents
- Controlled Substances
- Radioactive materials and sources
- Regulated lasers Intense-Pulsed Light Devices
- X-ray emitting devices
- Export-controlled biomaterials
- Those materials listing the Texas Department of Public Safety Precursor Chemical program as listed at the link directly below

<https://www.dps.texas.gov/rsd/Precursor/index.htm>

These materials will only be ordered by Purchasers who have completed the Environmental Health and Safety training courses, and/or have completed the online CITI courses (<https://www.citiprogram.org/index.cfm?pageID=86>) and have the appropriate federal and state registration for the material. The purchase and use of this material must be authorized **in advance of the transaction occurring** by the Department Chair/Dean/VP of the school or division and the University's Director of Environmental Health and Safety. Notification of the purchase of these materials must also be given to the RISC Committee and the RISC form must be updated to reflect use.

Additional procedures, tracking provisions, storage requirements, and disposal expense may be required. Quantities of these items purchased should not exceed the amount needed for use in the immediate future due to storage and disposal costs and restrictions of allowable materials as stated in the City of Houston's fire code.

For further information regarding the purchase of these items contact the Environmental Health and Safety Office (ext. 4444) and refer to the [University's Safety Policy](#) No. 805.

4. Research Animals

- a. Live Vertebrate Research Animals – Live vertebrate animals procured for use in research, education, or training may only be purchased through the Animal Resource Facility **unless previously approved by the Animal Resource Facility Manager and the**

Attending Veterinarian. Standard animal vendors will only place orders received by designated personnel. Additionally, all live vertebrate animals purchased will be delivered to the Animal Resource Facility. No animals will be delivered to individual investigators or their laboratories without prior approval of the Animal Resource Facility Manager and the Attending Veterinarian.

- b. Invertebrate Animals - These animals may be purchased directly by the investigator after completing an Institutional Animal Care and Use in Research Protocol (IACUC) application and issued an approval by the committee.
- c. For additional information on this subject visit https://professor.rice.edu/uploadedFiles/Professor/Independent_Pages/Policies/Policy%20314.pdf

VI. Levels of Authority At Rice University

Rice University has standardized the levels of spending authority that can be delegated to Purchasers. This standardization eases the overall administrative burden in the management of purchasing methods and simplifies the associated review processes within a department/area. While these levels are commonly referred to as “spending limits,” they represent the University’s overall discretion in managing its resources most efficiently. These levels are as follows:

- Minor Purchasing (\$0-\$3000.00 per transaction)
- Standard Purchasing (over \$3,000-\$10,000)
- Major Purchasing (over \$10,000.00-\$100,000)
- High-Dollar Procurement (over \$100,000)

The matrix below defines the purchasing roles and responsibilities for employees and students at the University.

Role in Purchasing Process	Permitted Authority to Spend	Responsibilities
Shopper	None	Shops for goods/services Forms carts in procurement (requisitions) Routes carts to purchasers for review and approval
Purchaser	\$3k/\$10K/\$100K	***Same as Shopper*** Reviews/amends/approves/rejects submitted requisitions from shoppers Purchases without review within designate approval limits Submits requisitions for approval that exceed their authority
Purchasing Representative	\$3k/\$10K/\$100K	***Same as Purchaser*** Act as the Department/area point of contact with Office of Procurement Trained in Purchasing Policy and Procedures
Department Head/Area Leader	Varies	***Same as Purchaser*** Sets approval delegations by amounts within the Department/area May sign contracts up to specified approval authority Ensures compliance with Procurement policy/procedures
Dean/VP	Varies	***Same as Department Head/Area Leader*** May sign contracts up to specified approval authority Ensure campus compliance with all policies
President/Provost	\$600K+	***Same as Dean/VP*** May sign contracts up to specified approval authority Ensure campus compliance with all policies

Note: Individuals identified as “purchasers” may have access to one or more methods of purchasing as described in Section VII below.

VII. Methods of Procurement/Purchasing

At Rice University, employees and students have specific, University-approved methods and associated processes when purchasing on behalf of the University. The methods are designed and implemented to provide easy access, convenient transaction processing, and preserve accountability that meets the University's overall goals for the accurate accounting of funds. A critical part of the responsibilities of purchasing representatives is to be familiar with the methods and processes so as to act as a responsible resource for their respective departments when making decisions about spending. Therefore, alternative methods not specifically called out in the procedures are prohibited. See Section III. D. above for more details on Unauthorized Purchasing Activities and the associated consequences.

Any purchasing activity, regardless of circumstances, that cannot be conducted using the prescribed methods herein shall be immediately referred to the department or area purchasing representative who may further seek assistance from Office of Procurement for evaluation and action. It is the responsibility of the purchasing representative and the Office of Procurement to identify appropriate purchasing methods to satisfy a valid request for goods or services.

All employees and students are reminded that the completion of a specific transaction may not represent the conclusion of their responsibilities. Failure to maintain the integrity of the process prescribed by the selected method may escalate the cost of each individual transaction and Rice's overall ability to account for and maintain accuracy of its financial records. III.D.

Select the method below to learn more about specific requirements and associated access to each of the tools as well as when it is appropriate to use the method.

- Rice University Purchasing Card (also known as the "p-card")
- Purchase Orders (via electronic procurement also known as "Rice Marketplace")
- Check Request/Reimbursement (only available to employees who are trained by the Controller's Office)

The table below is a quick reference guide to Purchasers showing the available methods for the purchase of goods and services at Rice University. Purchasing Representatives shall oversee the access to the respective methods within a Department as directed by the Department Head. Failure to use the methods below may be considered an unauthorized commitment and result in negative consequences for the Purchaser, Department and University. See Section III.B. of these procedures for more information on Unauthorized Purchasing Activities.

Amount of Purchase	Available Method	Purpose
Up to \$3,000	Purchase Order (Rice Marketplace)	General Purchases (Goods/Services)
	Rice P-Card	
	Rice Check Request	Reimbursement to Individuals*
Over \$3,000	Purchase Order (Rice Marketplace)	General Purchases (Goods/Services)
	Rice Check Request	Reimbursement to Individuals*

A. Purchasing Card (Procurement Card or p-card)

Please note: All references to the appropriate use of p-cards in these procedures only pertain to its application in purchasing and have no relevance to travel, entertainment and business meeting expenses. Refer to the P-card Users Manual for information on the application of the p-card outside of its use in purchasing.

Rice University maintains a purchasing card (p-card) system where the single card may function in two different ways. It can be used for general purchasing (purchase of goods/services up to \$3,000) and/or as a card that enables individuals to travel, pay for business meetings expenses and entertain on behalf of the University. Departments oversee the distribution of p-cards in accordance with the respective need to fulfill the goals of the department. Regardless of purpose, the p-card should be recognized as a tool that permits users to spend resources and shall be issued only to Purchasers and not to Shoppers.

1. Appropriate Use

The p-card is the property of Rice University. Individuals issued a p-card will be held accountable for the appropriate use of the card to fulfill only valid University purchasing activities. Individuals issued a p-card shall not “loan” the card to other individuals to use who have not been approved to use a p-card by the University and their Department Head. Purchasing Representatives shall oversee the distribution and use of the card on behalf of the Department Head and the University. Some examples of commodities that the p-card is appropriate to use are:

- Books/periodicals/professional publications
- Computer peripherals and some IT Hardware
- Copiers (monthly lease/maintenance charges/supplies)
- Copying services
- Dues and memberships
- Mailers, shipping, courier companies
- Office supplies/materials
- Office refreshments/water coolers/coffee services
- Publications & Subscriptions

P-card users are reminded to check the University’s preferred vendor list to ensure that any purchasing activity with a p-card takes advantage of University-wide contracts and agreements with preferred vendors.

Some examples of commodities where the p-card is inappropriate to use are:

- Capital equipment
- Cash Advances
- Consultants or professional services
- Personal expenses of ANY kind
- Radioactive materials
- Research Animals
- Any items/commodities prohibited by Department/University Policies or procedures
- Any item/commodity not permitted by a sponsoring agency

2. Reconciliation of p-card purchasing activity

The Controller’s Office maintains the procedures, process and systems that are used to reconcile all p-card charges, including when the card is used for general purchasing. All charges that are made to fulfill general purchasing needs shall be properly classified in accordance with University procedures to reflect commodity information (for example, office supplies, office refreshments, laboratory supplies, etc.) and charged to the appropriate fund and organization responsible for the charges. Failure to properly account for the charges may result in the suspension of a cardholder’s card and other consequences as deemed appropriate by the Department Head and University.

B. Purchase Orders (via Rice Marketplace)

A purchase order is a demand for goods or services that is sent to a vendor ahead of the actual transaction that carries with it a set of terms and conditions and a promise to pay for the ordered material or services in a certain timeframe. It forms a convenient, legal contract with that vendor for just that order. This is considered the method of purchasing that carries the least risk to the University as well as offers the greatest level of accountability and information to the Department and University in understanding its spending activity.

1. When to use a Purchase Order

For the vast majority of purchasing needs, the Purchase Order is appropriate and the preferred method of purchasing goods and services. In cases where the Department cannot issue a purchase order, the Purchasing Representative will determine if the p-card is appropriate or will contact the Office of Procurement for assistance in identifying the most cost-effective alternative method available to the Office of Procurement to use to fulfill the demand. At no time is an employee or student authorized to commit the University to the purchase of any goods and/or services using any other method than the authorized methods in these procedures.

Examples of when a purchase order can be used effectively:

- Issue to a vendor to order goods/services for a single purchasing event;
- Issue to a vendor to order goods/services over a period of time (often referred to as a “blanket” Purchase Order);
- Issued internally (not sent to the vendor) to create an encumbrance in Banner to permit the easy payment of an invoice received

2. Paper Purchase Orders

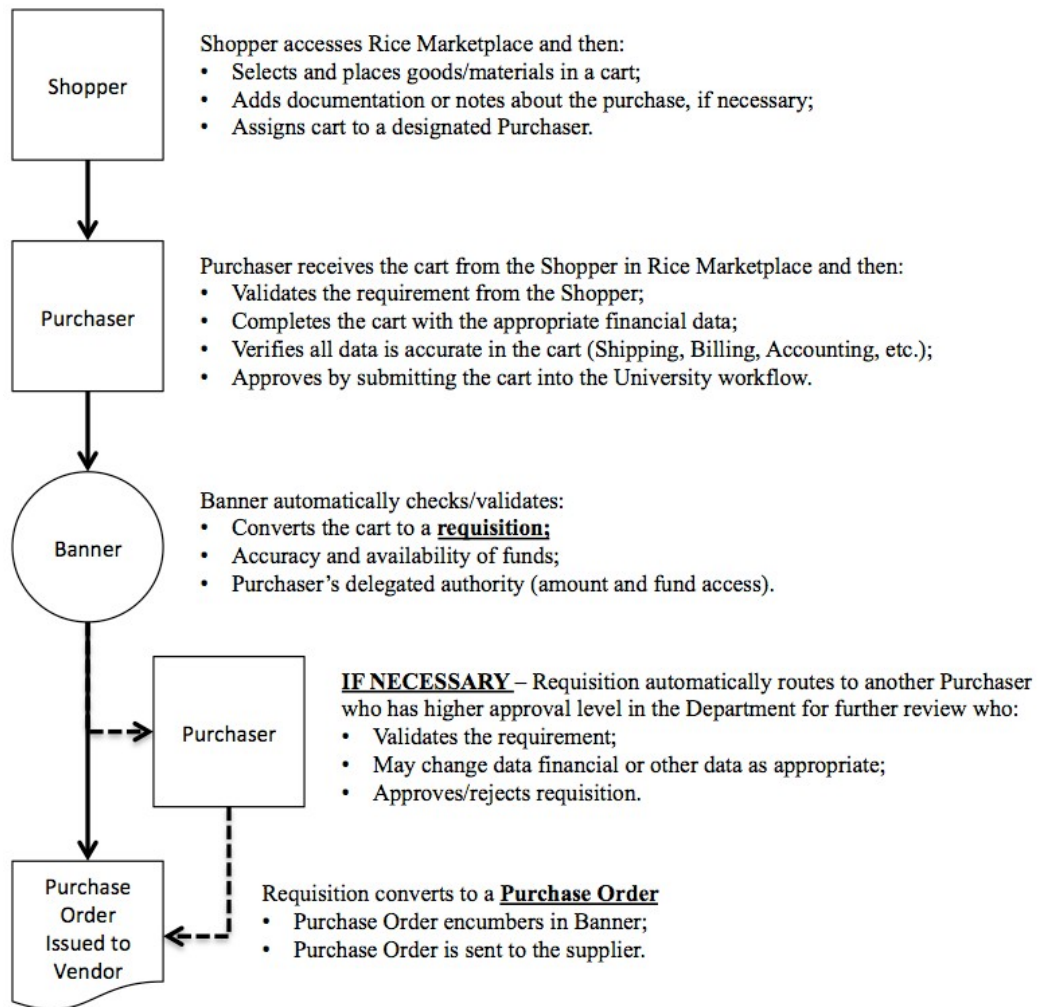
Hardcopy Purchase Orders (inclusive of ANY official or non-official purchase order not specifically authorized by the Office of Procurement) are no longer authorized for use by departments or other units at Rice University. In select cases where a paper purchase order is required, the Office of Procurement will work with a department’s purchasing representative to secure the appropriate approvals and then record and distribute the purchase order IN ADVANCE of the transaction being initiated. Only the Office of Procurement is authorized to determine when a paper purchase order is appropriate. The past process permitting employees to commit to a transaction without first creating and routing an official Rice University purchase order has been discontinued. Any employee who makes a commitment to a vendor without first creating an approved purchase order will be creating an unauthorized transaction and be subject to the consequences referred to in Section III.B. of these procedures.

3. Electronic Purchasing Process

At Rice University, the vast majority of purchase orders shall be issued electronically from an electronic procurement system branded **Rice Marketplace**. All employees have access to the University’s electronic purchasing platform. Employees will be added to the system as “Shoppers” and may log in, browse the available goods and services, form shopping carts and assign them to Purchasers in their department who are responsible for reviewing and approving the requests if they are appropriate. Purchasers receive enhanced access that permits them to issue purchase orders up to their designated spending authority. Purchasing Representatives will oversee the Department activity in the system to ensure compliance with Department and University policies.

a. Routing, Review and Approval of Electronic Purchase Orders

The purchasing process in Rice Marketplace permits users to select goods/services to then route in an electronic shopping cart through a standard review and approval process. This process is role-based (Shopper, Purchaser, etc.) and follows the strict Banner-authorized delegations of the respective Department Heads for their department. The review process allows Purchasers to review and approve purchase request which then convert to electronic purchase orders and are sent to the selected vendors. Below is the standard flow diagram of the process. (Please note, Department Heads may opt to insert additional approvals in the review process to suit their departmental needs.)



C. Reimbursement Activities

Purchasing outside of University-authorized methods does not waive the responsibility of Purchasers in Departments to fully justify (and in some instances, provide additional justification) and thoroughly review such transactions to ensure the activity is not being conducted to circumvent University Policies and procedures. **Please note, reimbursement for purchasing outside of**

University-authorized methods is not guaranteed. When traveling, follow the guidelines in the University Travel, Business Meeting, and Entertainment policy for emergency purchases and accounting for such transactions. In all cases where reimbursement is sought for purchasing activity outside the methods listed herein, employees and students shall follow the procedures to justify and account for the transaction.

VIII. Vendor Management

Only the Office of Procurement is responsible for negotiating, creating, and maintaining University relationships with vendors through the Approved Vendor Program. The processes and procedures associated with this program are referred to as “vendor management.” Rice University only conducts business with approved vendors. See VIII.A for a definition of approved vendors.

A. Approved Vendors

Approved vendors are defined as having a current, active vendor file within the Banner system. This includes a variety of information and tax status that establishes the terms and conditions under which the University can conduct business and maintain accountability over the transactions. Depending on historical performance or other relevant data, additional requirements to qualify as an approved vendor may also be necessary in order to further protect Rice University from risks associated with conducting business with the particular vendor.

NOTE: A commitment to a vendor/supplier represents a serious financial risk to the University and shall be carefully avoided until a vendor is qualified through the Approved Vendor Program and the commitment is made using an approved purchasing method. Employees are not permitted, under any circumstances, to determine the worthiness of a vendor until that vendor is designated as approved.

B. Preferred Vendors

To reduce time and effort in the purchasing process, the University has created a Preferred Vendor Program. Certain approved vendors are subjected to additional review as part of a competitive process or some other substantive review in order to assign a designation as the preferred vendor in a particular commodity group. [Preferred vendors are listed in the University's Preferred Vendor list and must be used whenever possible.](#) Vendors not designated as preferred should only be used if the preferred vendor(s) in that commodity group may not provide the good or service or the pricing is not competitive.

As an additional benefit to using preferred vendors, competition is waived when using a preferred vendor for transactions up to \$100,000. The Office of Procurement will monitor purchasing activities with preferred vendors to ensure compliance with preferred vendor agreements as well as measure value delivered to the end-user compared to market pricing over time. Purchasers are reminded to always consult the Mandatory Commodity Groups listings for preferred vendors as they will change periodically in response to competition and/or other necessary business decisions on the part of the University.

IX. Receipts and Settlement

For all transactions that result in the issuance of the purchase order to a vendor, Rice requires a three-way match to settle the financial obligation created by the transaction. The three-way match consists of:

- The original purchase order creating an encumbrance in Banner;
- A valid proof of delivery in the form of a receipt of goods or services;
- A valid, accurate invoice issued by the vendor demanding payment.

The three-way match allows the University to settle the financial obligation created in the transaction in arrears, which offers the least risk to Rice in the transaction. In the three-way match process, the department is responsible for specific tasks necessary to maintain the integrity of the transaction and settlement. Refer to the Payment procedures for a list of the tasks required by the department to settle a transaction and release the encumbrance in Banner effectively closing the record on that transaction. Failure to follow the prescribed tasks in the procedures does escalate processing costs to the University and may result in delay of payment to vendors. In some cases, the Controller may charge the respective department for additional services required to process payments due to failure to comply with the policy and associated procedures.

The receipt process for other methods of purchasing allowed under this policy may vary slightly as required by the associated requirements of the University, but all processes are described in detail in the associated procedural documents included by reference in this policy.