

	Responsible Executive: Senior Vice President for University Finance and Business Services	
	Responsible Office: Contracts, Purchasing and Risk Management	
	Effective Date: 1/1/1999	Last Revised: <a href="#">TBD</a>
	Policy Title: 3. Source Selection and Contract Formation	

## Definitions

Refer to 1. Procurement General Provisions

## Policy

Under Arizona Revised Statutes (A.R.S.) [§ 41-2501.F](#), the Arizona Board of Regents is mandated to establish rules that outline procurement policies and procedures, ensuring they are substantially similar to those detailed in A.R.S. Chapter 23. The Arizona Board of Regents Policy Manual, specifically Article H-University Procurement Code, sets forth procurement policies for the Arizona Board of Regents in alignment with A.R.S. requirements

Section [3-803](#) of the University Procurement Code sets forth polices for source selection and contract formation related to University Procurements. This University Policy supplements such Section [3-803](#).

### Section I: Intent to Procure

Competitive Solicitations will only be issued if there is an approved intent to procure. They will not be issued solely to establish price information, as this practice is unfair to Vendors and costly to the University.

### Section II: Competition

- A. Procurements will not be artificially divided or fragmented into increments to avoid Procurement thresholds established in this University Policy or approval requirements established by the University.
- B. CPRM, in its sole discretion, may determine if a competitive Solicitation is most advantageous to the University for Procurements ~~with a value less than \$100,000~~ [the Procurements not exceeding value prescribed in University Procurement Code](#).
- C. Procurements with a value greater than or equal to ~~the Procurements not exceeding value prescribed in University Procurement Code \$100,000~~ will be awarded through a competitive Solicitation process as determined by CPRM. In

the event a single Offer is received, the buyer may review one or more of the following:

- i. Current market prices
  - ii. General Services Administration (GSA) price schedules
  - iii. Previously established target price
  - iv. Prices previously paid
  - v. Price lists of manufacturers of similar equipment
- D. The Chief Procurement Officer or designee has the final authority for selection of the Vendor.
- E. Procurements ~~with a value less than \$100,000~~ the Procurements not exceeding value prescribed in University Procurement Code will be Awarded:
- i. To a Small Business unless impracticable as determined by CPRM.
  - ii. Based on the appropriate level of competition as determined by CPRM and may include any of the following:
    - a. An informal competitive process.
    - b. Buyer's professional judgment. The buyer's signature on the purchase document evidences that this determination has been made.
    - c. Buyer's comparison of quoted prices for any Procurement ~~between \$25,000 and \$100,000~~. A buyer, in their sole discretion, may determine if a quoted price comparison is advantageous for the University at any Procurement dollar amount. In the event of a Sole Source or single bid is received, the buyer will justify why the price is reasonable. The buyer's signature on the purchase document evidences that this determination has been made.
- F. The Chief Procurement Officer shall approve any request for an Exclusive Contract.

### Section III: Waiver of Bidding

- A. The department is responsible for completing the Waiver of Bidding Form to include details and justification to support a request to waive a competitive Solicitation and uploading it to the appropriate Purchase Request for CPRM review. After review by CPRM the Waiver of Bidding Form will be distributed to the department's Vice President for signature.
- B. A Sole Source justification provided by the Vendor will not be accepted as justification for a Sole Source Procurement.
- C. CPRM is has final approval authority for waiving competitive Solicitation requirements. If the Waiver of Bidding Form is not approved, a competitive Solicitation will be processed.

### Section IV: University Specific Procurement Requirements

- A. The Chief Procurement Officer has established Procurement requirements for certain types of Procurements that require special consideration. For details, refer to the University Specific Procurement Requirements section of this University Policy, which may be updated periodically to address unique requirements.

#### **Section V: Buying for Employees**

- A. CPRM will not negotiate personal purchases for faculty and staff, nor will it request vendors to offer special discounts to faculty and staff.
- B. CPRM will not consider faculty and staff discounts as a factor in the Award of any Contract.
- C. If a Vendor offers a discount to faculty and staff members, CPRM will relay the information to the Human Resources Department. However, any transaction will be the responsibility of the employee.

#### **Section VI: Prohibited Procurements**

- A. Refer to Comptroller Policy [401-03](#) for a list of items that are prohibited or may be limited when using University funds.
- B. Purchase Requests may be submitted for the Procurement of items identified as prohibited Procurements using a ~~PCard~~ [Purchasing Card](#) in [Section G of the ~~PCard~~ Purchasing Card policy](#).

#### **Section VII: Lease vs Buy**

- A. Either a Lease or a Lease/Purchase may be used to obtain Capital Equipment, refer to Comptroller Policy [405-01](#) for approval requirements and limitations for capital Lease transactions. CPRM will conduct competitive Solicitations as required by governing laws, rules, regulations and policies to allow for maximum competition.

#### **Section VIII: Prepayment**

- A. Prepayment of a Contract should not occur unless it is standard industry practice or unusual/extenuating circumstances exist.
- B. Prepayment is acceptable, for the following:
  - i. Authorized ~~PCard~~ [Purchasing Card](#) transactions
  - ii. Equipment maintenance services
  - iii. Memberships in professional associations, where such memberships have demonstrated value to the University

- iv. Registration fees required in connection with attendance at conventions, conferences, and official meetings
  - v. Subscriptions, where usual industry practices require payment in advance; ~~but not to exceed three years~~
  - vi. Software maintenance and upgrade services
  - vii. Prepayment as approved by the Chief Procurement Officer.
- C. Performance bonds or other guarantees may be required if prepayment is approved.
- D. If the Vendor fails to provide the goods and/or services after any prepayment, the requesting department will incur the loss.

#### **Section IX: Shipments**

- A. All shipments made by the University shall be shipped to a location owned or leased by the University.

#### **Section X: Sales and Use Tax**

- A. The University is subject to the payment of state and local sales tax and state use tax. Reference Comptroller Policy [Section 100](#) for tax requirements.

#### **Section XI: Installment Contract**

- A. Capital equipment may be purchased on an installment basis over a period of time not to exceed five (5) years. Exceptions to this time limitation may be approved by the Chief Procurement Officer or designee ~~in consultation with the University's Comptroller.~~
- B. CPRM will process competitive Solicitations, including financing. ~~If the Vendor cannot supply financing at an acceptable interest rate,~~ CPRM will request Solicitations for third-party financing following applicable Procurement procedures.
- C. If a buy-out of equipment will occur before expiration of the Installment Contract, the Contract should contain a clause indicating the specific terms and conditions and penalties to be assessed, if any, for early payment.

#### **Section XIII: Acceptable Forms of Contract**

- A. University purchase order
- B. University Contract
- C. Vendor Contract negotiated by CPRM

## **Related Information\***

[Arizona Board of Regents Policy](#)

[Arizona Revised Statutes, Chapter 23](#)

---

\* Related Information and Policy History are solely for the user's convenience and are not part of the official university policy.

DRAFT - Open for Comment