

Policy 3205
Vendor Selection

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Policy Sections	3
3205.1 Consideration of a Vendor	3
3205.2 Criteria for Selecting a Vendor	3
3205.3 Authorization to Select a Vendor	5
3205.4 Vendor Selection Process.....	5
3205.5 Tax Issues.....	8

Scope

This policy provides guidance to those involved in selecting vendors to be sources of supply for goods and/or services to Yale University. The document focuses on the following areas: strategic partner vendors, Buy New Haven program, small and disadvantaged vendors, internal goods and services, cost/price analysis and the concept of reasonableness of cost (bidding process), and sole/single source justification.

Policy Statement

The University will actively seek and fairly evaluate competitive sources of supply for required goods and/or services. Potential vendors may include those supplying products of the same manufacture (distributors), or those manufacturing or selling equivalent goods or services when generic specifications are appropriate. A vendor should not be asked for quotes if information is known in advance that would prohibit the University from doing business with this vendor. Such information would include, but is not limited to, federal or institutional debarment, or a history of price fixing or unethical business practices. Only individuals authorized to purchase goods and services (see Policy [3201](#) General Purchasing Policy) on behalf of the University may select vendors on behalf of the University.

Reason for the Policy

To assure that the decision process for selecting a vendor optimizes the University's purchasing objectives, gives potential vendors an opportunity to compete as sources of supply for goods and/or services, and complies with Federal guidelines and good business practice.

Definitions

Buying Office

Any office staffed by professional buyers and/or certified buying agents.

Certified Purchasing Delegation

Departments authorized to purchase specific goods and services on behalf of the University. (See Policy [3201](#) General Purchasing Policy)

Clause Sheet

A document to be maintained within the Purchasing Department, certified purchasing delegation(s) or business support center that provides information on the cost/price analysis and the reasonableness of the bidding process for goods and services purchased by that office.

Life Cost

The life cost is a guide in analyzing price and cost information. The life cost of an item reflects its true cost over its expected useful period, including maintenance.

Office of Management and Budget (OMB) Circular A-110

OMB Circular A-110 provides the uniform administrative requirements for the administration of federal grants and agreements with institutions of higher education, hospitals and other non-profit organizations. Certain procurement requirements are covered by Circular A-110.

Procurement Office

The institutional office responsible for the purchase of, and payment for, goods and services. The Procurement Office includes the Purchasing Department, Accounts Payable Department, and the Vendor Compliance Unit.

Single Source

A vendor selling items for which price competition may be available but to whom a contract is awarded without price competition because of limiting circumstances. A single source vendor is a vendor designated as the vendor of choice in a transaction when other vendors are willing to and capable of supplying the same or a comparable item or service possibly at a lower cost.

Small/Disadvantaged Business Certificate

A document maintained within the Vendor Compliance Unit that provides reasons for the use of a small or disadvantaged vendor.

Sole or Single Source Vendor Justification

A document maintained by the Purchasing Department that provides information needed in the vendor selection process, specific to the selection of sole/single source vendors.

Sole Source

The only vendor from whom a specific item or service is available, or a vendor selling a unique or proprietary item not obtainable from any other source.

Strategic Partner

A vendor who best meets the University's needs in providing goods and services and who will work with the University in finding new ways to improve service and price delivery to Yale. The University will negotiate a contract with a strategic partner vendor when Yale's price, quality and service requirements are best met by that particular vendor.

Vendor Compliance Unit

The University department responsible for the integrity of the Oracle vendor database. Requisitioners should forward new vendor information and changes to the Vendor Compliance Unit using the Vendor Setup Request form.

Policy Sections

3205.1 Consideration of a Vendor

The University encourages competition among vendors in providing goods and services to the University, thereby assuring that the mix of quality, service and price best matches the stated needs of Yale's programs and activities. Accordingly, those involved in selecting vendors have the responsibility to search broadly and completely for viable vendors. Many sources are available for locating vendors for specific goods and services, and the Purchasing Department is available to assist in the vendor selection process. Generally, a vendor is identified for consideration in one of three ways:

1. A buyer and/or certified buying agents actively looks for a new vendor. This could occur as part of an ongoing industry analysis and bid solicitation; or to identify sources for a newly needed product or service; or to improve the mix of quality, service and price provided by the current vendor; or because a vendor is going out of business.
2. A new vendor comes forward to solicit University business.
3. A vendor is considered a single/sole source.

3205.2 Criteria for Selecting a Vendor

A. General Criteria

Certain basic evaluations must be included in the selection process of an approved vendor, including:

1. The vendor provides the best mix of quality, service and price for the specified University need. Federal regulations applicable to Yale require that the lowest price have priority, unless quality, service or delivery time takes priority as to need.
2. The vendor has the financial stability, size and service infrastructure to be capable of meeting the University's needs.
3. The product quality and performance reputation of the vendor are acceptable in the context of University use.
4. The vendor warranty, service reliability and format, shipping or delivery procedures, and terms and conditions of sale protect University interests.
5. The vendor is given preference, to the extent practical and economically feasible, for products and services that conserve natural resources, are energy efficient and protect the environment. This is a federal requirement.

The buyer or certified buying agent should document his/her evaluation of vendors in these areas to serve as a reference for comparison with current vendor performance, as a basis for performance expectation and review and as documentation for audit purposes.

B. Strategic Partnership Vendors

The Purchasing Department is establishing relationships with a select group of vendors based on a thorough evaluation of Yale users' needs for specific goods and services (including their active participation in this evaluation) and a thorough evaluation of the potential vendors in that area. The

evaluation also includes a commitment to work together on improving the price and service provided for those specific goods and services throughout the life of the relationship.

These vendors will want to be the major provider of those specific goods and services to the University in exchange for providing the best mix of quality, service and price to Yale. Accordingly, if a strategic partnership agreement exists for specific goods and services, the University strongly prefers that the vendor be selected for most transactions.

Reference the Yale Purchasing Department web page at: http://www.yale.edu/procurement/purchase/orders/contract_orders_business.htm for additional information including a listing of Strategic Partnership agreements and University contract order agreements.

C. New Haven Vendors

The University is committed to the economic vitality of the City of New Haven through projects and partnerships designed to strengthen New Haven. The Buy New Haven program was created to encourage Yale departments to use local vendors in the procurement of routinely purchased goods and services.

In cooperation with the University's Office of New Haven Affairs, those authorized to select vendors should seek out, identify and encourage the use of New Haven vendors. Vendors supported by the Buy New Haven program should be used if the vendors are willing and able to compete for University business under the same terms and conditions as defined for all vendors.

1. Under the Buy New Haven program, the Purchasing Department, certified purchasing delegations, and certified buying agents are responsible for continuously researching, evaluating and striving to develop vendors in New Haven.
2. Representatives of the University's buying functions should participate in trade fairs and other public programs that serve to introduce New Haven vendors to the business community of the state and region.

Reference the Yale Purchasing Department web page at: <http://www.yale.edu/procurement/purchase> for additional information on the Buy New Haven program. The Buy New Haven program volume is monitored by the University Secretary's Office.

D. Small and Disadvantaged Vendors

The University is committed to the support of small, disadvantaged, minority and/or women-owned vendors. Those units of the University engaged in the purchasing function should seek out, identify and encourage the use of small, disadvantaged, minority and women-owned enterprises as vendors whenever they are willing and able to compete for University business under the same terms and conditions as defined for all vendors.

1. Buyers, certified purchasing delegations, and certified buying agents are encouraged to regularly use the following organizational guidelines and/or manuals when selecting vendors:
 - the Connecticut Minority Purchasing Council
 - the New England Group of the National Association of Educational Buyers
 - the Connecticut Department of Economic Development - Minority and Women Business Directory
 - Try Us, the publication of the National Minority Council
 - any other directory of enterprise that meets the federal definitions of small and/or disadvantaged businesses.

2. Representatives of the Purchasing Department and some certified purchasing delegations should participate in trade fairs and other public programs that serve to introduce small/disadvantaged enterprise to the business community of the state and region. The Purchasing Department maintains a membership in the Connecticut Minority Purchasing Council and attends various functions it sponsors.

The University is required to report the volume of transactions with small and disadvantaged vendors during federal and state audits.

E. Federal Debarment or Suspension

Federal guidelines (FAR 9.405-2 and FAR 52.209-6) prohibit subcontracting of federal funds in excess of \$25,000 to an organization or an individual who is debarred, suspended, or proposed for debarment, unless there is a compelling reason to do so. Any transactions proposed with a federally debarred, suspended or proposed for debarment entity or individual must be approved by the Purchasing Department. A list of such entities can be located at: [Excluded Parties List System](#).

In addition, the University may prohibit the use of certain vendors if past experience, legal action, or other factors warrant an exclusion. A list of such entities is available from the Purchasing Department.

F. Internal Service Providers

Yale's internal service providers provide a substantial amount of goods and services to the Yale community. In many cases, departments may prefer to use internal service providers instead of other vendors. Some internal providers of certain services must be used because of University labor contract obligations. The Purchasing Department and the Yale community should adhere to the following principles:

- The Yale Community will continue to select an internal service provider under current business practices and in keeping with University criteria on vendor selection (when applicable).
- The Yale community will select those internal service providers where current University contract obligations preclude the use of other vendors.

Policy [1410](#) Service Centers provides guidelines to assure sound business practices and compliance with appropriate federal costing regulations when a specialized service facility or recharge center charges for goods or services.

3205.3 Authorization to Select a Vendor

Policies [3201](#) General Purchasing Policy and [3210](#) Contracting for External Consultants define who is authorized to purchase goods and services on behalf of the University. Each buyer and certified buying agent is authorized to select vendors for transactions they initiate. If the vendor is already in the University vendor database, the buyer or certified buying agent may then proceed with the purchase. If the vendor is not in the University vendor database, the requisitioner should propose to the Vendor Compliance Unit that the vendor be added to the database by submitting a Vendor Setup Request form.

3205.4 Vendor Selection Process

A. Cost/Price Analysis and the Concept of Reasonableness of Cost (Bidding Process)

1. The Bidding Process

Good business practices and federal regulations applicable to the University require that vendors provide bids when supplying goods and services to the University.

The University requires the following bids prior to selecting a vendor:

- oral bids from three or more vendors for purchases between \$ 2,000 and \$9,999, and
- written bids from three or more vendors for purchases equal to or greater than \$10,000.

Purchases of items covered by contract orders (see [current list](#) on Procurement web site) will be deemed to meet this requirement.

2. Bid Criteria

Individuals authorized to purchase goods and services for the University should evaluate the "life cost" of a product when analyzing price and cost information. The following criteria must be defined in the bid:

1. clear and accurate description of the technical requirements for the material product or service
2. net cost of the requirement, either as a whole or by its components
3. cost of maintenance (if applicable)
4. time and cost of delivery, including special handling in transit or at delivery
5. terms and conditions of payment
6. warranty and other data applicable to individual situations.

Bids submitted to the University are to be held in strictest confidence, and under no circumstances should vendors be given information about bids from competing sources (see Section 3201.4, Ethical Practices).

3. Documentation

An analysis of the cost and/or price of the goods and services requisitioned should be documented for transactions of value in excess of \$2,000 prior to the vendor commitment. The documentation of the cost and price analysis provides an essential part of the record of the transaction. For all contract orders (see [current list](#)) this documentation is maintained by central Purchasing and is not required of end-users. For all other vendors, the following transactions require documentation of cost and/or price analysis:

- a. Transactions where the value is greater than \$2,000, where more than one vendor is willing and able to supply, and where the goods and services are described in generic terms.
 - For transactions between \$2,000 and \$9,999, the analysis may consist of a comparison of quotations obtained verbally and documented.
 - For transactions of value in excess of \$10,000, written quotations based on specifications issued or approved by the buyer should be included in the documentation.
- b. Transactions where the value is greater than \$2,000 and a vendor with a negotiated blanket/standing order is able to supply the goods and/or services.
- c. Transactions where the value is greater than \$2,000, and the goods to be procured are unique or proprietary, or a vendor has an exclusive or territorial agency and will not meet criteria for competition. This vendor is known as a "sole" source (see Section 3205.4B).
- d. Transactions where the value is greater than \$2,000, and the requisitioner names a vendor as the only source from which the specific goods or services may be purchased even though the requirement is available elsewhere on a competitive basis. This vendor is known as a "single" source (see Section 3205.4B).

B. Sole/Single Source Justification

The Federal Acquisition Regulation (FAR) and Office of Management & Budget (OMB) Circular A-110 provide guidelines for procurement standards that require a bidding process when selecting a vendor. Justification is required for purchases made without such a process (See Section 3205.4A).

If the requisitioner obtains bids from vendors, those bid documents must be submitted with the requisition. The buying office must assure that the vendors submitting bids are as qualified as the vendor of choice.

1. The requisitioner must complete a Sole/Single Source Justification form, which lists the reasons for the proposed vendor selection.
 - Reasons must be specific and based on factual information that relates to the use of the item or service in the requisitioner's work or research.
 - Single source vendor quotations will be compared to quotations received from vendors of the same or comparable equipment; the requisitioner will be asked to prepare the justification sheet in terms of paying higher costs for the specified item/ service.

Documentation

The buyer or certified buying agents will document the industry or markets involved, and/or document their opinion of the reasonableness of the requirement's cost provided by the requisitioner. Appropriate documentation includes:

- comparison of the requirement to analogous items or items containing the same or similar components, or
 - consideration of the cost of development or of the singular benefits to be obtained by the requisitioner, as supplied within the requisition.
2. Acceptable sole and single sources are:
 - a vendor, or a distributor, with whom the Purchasing Department or certified purchasing delegation(s) has negotiated a contract based on competitive bidding;
 - a vendor, or a distributor, given an exclusive right to sell in a geographic area;
 - a vendor who supplies equipment to a requisitioner who needs matching or coordinating equipment.
 3. Sole and single sources are not:
 - a manufacturer or distributor supplying goods or services not essential to research, in competition with other manufacturers of like goods or services of equal quality;
 - a vendor of personal choice or convenience.
 4. The buyer and Associate Director of Purchasing may determine that insufficient evidence has been provided to justify the requisitioner's instructions to buy from a sole or single source. In that case, details of the transaction, together with details of possible alternatives, may be sent to the Executive Director of Procurement for specific approval prior to issuing the order. The decision of the Executive Director may be appealed to an officer of the University.

C. Vendor Evaluation and Conflict of Interest

The results of the vendor evaluation (see Section 3205.2A) should be documented by the buyer or certified buying agents to serve as a reference for comparison with current vendor performance, as the basis for performance expectations and reviews, and as documentation for audit purposes. Vendors compared in this manner will represent a fair and reasonable cross-section of sources available to the University. Special interests must be disclosed, described in detail, and included in the evaluation process.

Additionally, the vendor evaluation document must identify any known personal interest or relationship of any Yale employee in the enterprise under evaluation. To prevent any conflict of interest between vendors and those involved in the procurement process, consult the guidelines on ethical practice (Policy [3201](#) General Purchasing Policy, Sections 3201.3, Separation of Duties, and 3201.4, Ethical Practices).

D. Vendor Selection Process for Specific Purchasing Delegations

The selection of vendors for professional design and construction management services is described in more detail in the Program Manual for Capital (and non-capital) Projects.

3205.5 Tax Issues

Yale University, under the federal tax code, is not required to pay federal, state or local taxes on purchases of goods and services. Buyers and certified buying agents should provide Yale's tax exempt number to approved vendors.

Special Situations/Exceptions

Special situations and/or proposed exceptions to this policy must be approved by the Executive Director of Procurement.

Related Information

Policy [3201](#) – General Purchasing Policy

Policy [1410](#) – Service Centers

Contacts

Subject	Contact	Phone
Vendor selection	Vendor Compliance Unit	432-9955
Buy New Haven program	Office of New Haven Affairs – Program Administrator	432-8613
Labor contract obligation	Labor Relations Representative	432-9822

Roles and Responsibilities

Business Support Center

A non-central organization staffed with trained professionals responsible for aspects of the procurement function. A business support center will incorporate (but may not be limited to) a requisition processor, a certified buying agent, a purchasing approver and an *ad hoc* reporting/question and answer administrator.

Buyer

A professional in the central Purchasing Department performing vendor analysis, bidding, buying, *ad hoc* reporting and user/vendor customer service functions. A buyer has the authority to approve purchase orders with a value equal to or less than \$10,000.

Certified Buying Agent (CBA)

A professional, trained individual performing vendor analysis, bidding, buying, *ad hoc* reporting and user/vendor customer service functions. A CBA has the authority to approve purchase orders with a value equal to or less than \$5,000.

Vendor Compliance Unit

A central organization staffed with trained professionals exclusively responsible for the integrity of the vendor database. This organization reports to the Executive Director of Procurement.

Revision History

First issued 7/1/98. Updated 3/21/02.

The official version of this information will only be maintained in an on-line web format. Any and all printed copies of this material are dated as of the print date. Please make certain to review the material on-line prior to placing reliance on a dated printed version.
