



MIDDLEBURY COLLEGE

MIDDLEBURY, VERMONT 05753

Office of the Controller – Procurement & Payment
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Procurement Policies and Procedures at Middlebury College

Overview –

Middlebury College believes that the strategic stewardship of College resources is best accomplished by dedicated employees empowered to make prudent spending and buying decisions in their specific areas of responsibility *within the constraints of a rigorous institutional budget process.*

This philosophy translates to an approach to procurement that supports cost-effective acquisition of goods and services essential to the College's mission by faculty, administrators, and staff in an environment of consistent and prudent fiscal controls and diligent administrative oversight.

Specific Policies –

- Competitive Bids / Bid Solicitation / Exceptions : Sole Source Procurement
- Legal and Ethical Conduct
- Engaging and Qualifying Independent Contractors
- Insurance Requirements
- Procurement Cards
- Co-Operative Buying Agreements
- Contracts & Use of Middlebury College Names and Logos
- Travel Services and Local Accommodations for Visitors
- Emphasis on Local & Environmentally Committed Vendors
- Miscellaneous: Allowable Expenditure

Competitive Bids

Policy: Competing bids should be obtained for all purchases of goods or services, irrespective of funding source, according to the parameters and requirements outlined below.

Policy Rationale: Sound business practice and prudent use of College funds dictate that the College follow a policy of competitive bidding; to the extent practical, purchases should be made on the basis of competitive prices, all other factors such as quality, utility, delivery and service being essentially equal.

Requirements:

- ***Up to and Including \$10,000 – No Quotes Required***; Department heads and others authorized to purchase for their departments or for the College's general use may use their discretion to secure the most cost-effective goods and services for the College's operations.
- ***\$10,001 - \$25,000 – Minimum of 2 (Verbal) Quotes***; Quotes may be confirmed in writing, by telephone, or by fax or e-mail and may be informal or in response to a formal request for quotation (excepting service contracts, which must be bid in written form). The requisitioner may solicit bids directly or request that the controller's office procurement staff solicit the quotations from identified vendors. *Minimum records of bids solicited, received, and retained for audit by the Controller's Office should include: Supplier Name / Person Offering Quote / Date of Quote / Price Quoted / Service-Commodity Quoted.*
- ***Greater than \$25,000 – All purchases over \$25,000 require 3 quotes from responsible vendors***; the quotes may be submitted in writing, via fax or by e-mail enclosure. The requisitioner may directly solicit bids or request that the Controller's Office procurement staff solicit bids and work with the requisitioner to make the bid award.
- ***Construction / Maintenance / Renovation Projects – All projects related to construction and/or renovation*** on any Middlebury campus must be reviewed, authorized, and managed by the Office of the Vice President for Administration and Treasurer. **All projects where total construction costs equal or exceed \$100,000 require 3 quotes from qualified General Contractors identified by Facilities Management and approved by the Vice President for Administration and Treasurer. Where Federal funds are used to subsidize a project in whole or in part quotes, must be obtained when the project cost exceeds \$2,500.**

When architectural and/or design fees for a project will exceed a \$100,000 threshold, similar bid requirements should be observed for this aspect of the project, except in cases where a formal design competition has been held or a single architect has been identified by the Board of Trustees and/or a major donor with the approval of the Board.

Solicitations for bids should provide all requirements that the bidder must fulfill to have a bid fairly evaluated by the College including clear and accurate descriptions of any technical requirements. Information provided in the bid solicitation should include (but not be limited to) quantity, description, delivery requirements, special conditions, drawings, specifications, post delivery service requirements, and due dates/times for bid submission.

In the evaluation of quotes, consideration will be given but not necessarily limited to: price; bidder's previous record of performance; bidder's availability under College scheduling requirements; quality and conformance to specification; delivery schedules; life cycle projections; and warranties.

Sole Source Procurement

Policy: In certain special circumstances one supplier of goods or services (a 'Sole Source') may offer a unique product or a singular service capability not otherwise available in the competitive marketplace via a competitive bidding process.

Policy Rationale: Some circumstances may justify or even require that certain products or services be excluded, in all or in part, from competitive bid requirements. Such situations may include the following:

- Items purchased under current cooperative contracts (e.g. Office Max) or preferred vendor contracts (facilities/custodial inventories).
- Library acquisitions or bookstore purchases.
- Proprietary items such as software, etc.
- Agency specified vendors.
- Design compatibility with existing equipment.
- Only supplier known or only supplier serving geographic area.
- Only supplier capable of meeting combined price/quality/delivery requirements.
- Only supplier capable of meeting College scheduling requirements.
- Supplier uniquely fulfills College objectives for Environmentally Committed or Minority-Owned suppliers.

Requirements:

Where Sole Source Procurement is initiated at the departmental level, written documentation to justify a waiver of the competitive bidding policy is required to establish the basis for awarding the purchase to a sole source and substantiate that the non-competitive price was fair and reasonable under the special circumstances.

*At a minimum, a single source purchase which would otherwise require formal or informal bids by virtue of the dollar value (>\$10,000) should be justified on the College's Sole Source Purchase Justification Form. The purchase should be effected using either the Verbal Quote process above; the standard Requisition & Purchase Order forms; or a purchase via the Middlebury VISA Procurement Card. A copy of the ***Sole Source Justification Form*** should be mailed or faxed to the Office of Business Services procurement staff at the time the purchase is finalized.*

Legal and Ethical Conduct

Policy: It is the policy of Middlebury College to comply with all laws governing its operation, to conduct its affairs in keeping with the highest moral, legal and ethical standards, and to assure that its employees do not seek to realize personal profits from their positions with the College. (Additional information can be found at "Miscellaneous Policies: Code of Conduct for Employees")

Policy Rationale: Compliance with the law (including anti-bribery and anti-trust laws as well as other applicable law) means not only following the law but conducting Middlebury College business so that the college will deserve and receive recognition as a good institutional citizen fulfilling all of its responsibilities within the community. Even in those areas where specific law does not apply, accepted standards of ethics and morality touch all of the College's activities and require the same diligence and attention to appropriate conduct and citizenship.

Illegal and unethical practices relating to procurement include engaging in price fixing arrangements; bid rigging; agreements with competitors to divide or allocate markets or customers; falsifying accounting records; intentional misrepresentations to internal or external auditors; bribery, kickbacks and illegal political contributions.

Conflict of Interest: Is defined as a situation in which an employee engages in personal activity which potentially injures or takes advantage of the College with the objective of realizing personal profit. Examples of conflict of interest situations include a College employee working for the College as an outside vendor, use of information considered confidential or privileged by the College for the benefit of a person or entity outside the College, use of College discounts for personal benefit or soliciting for oneself or a third party anything of value from any person or entity in return for contracting business or services on behalf of the College.

In order to avoid such conflict of interest, any business enterprise in which a Middlebury College employee has either a significant interest or a close familial relationship must be approved in advance by the Vice President for Administration and Treasurer in order to solicit business with the College. Additionally, if an employee is in a position to directly or indirectly influence the award of College business to such firm, his or her relationship or interest must be disclosed in advance to the Vice President for Administration and Treasurer before any award of business by the College to that firm.

While an employee's involvement with or interest in a firm may not, after review, result in the disqualification of a firm, full disclosure of any potential conflict of interest is essential to prevent such involvement from becoming a real, undisclosed violation of this policy.

Acceptance of Gifts: Middlebury College employees are prohibited from accepting gifts, travel and accommodations, restaurant meals or entertainment at country clubs or resorts provided by vendors with whom the College transacts business or who are soliciting College business, with the sole exception of de-minimus gifts of an advertising nature which are distributed to all potential or established customers.

Entertainment: Middlebury College employees should not accept purely social entertainment offered or sponsored by suppliers. *However, entertainment shall not be*

construed to encompass an occasional business meal or function where Middlebury College stands to benefit from or improve the terms of the supplier relationship.

Engaging and Qualifying Consultants / Independent Contractors

Policy: A consultant arrangement is a contract through which the College hires a person to obtain professional knowledge, skill or expertise. Middlebury College requires that any department, institute, or any other unit of the College intending to engage a service provider as a consultant or independent contractor obtain College approval and follow established contracting procedures before authorizing any performance of services. *Independent contractor status for individuals providing services to the College must be approved by the Office of Business Services in coordination with the Controller and the Payroll Office.*

Policy Rationale: Designation of independent contractor status is governed by the IRS and common law. Significant tax penalties and loss of federal awards exist for incorrect classification of an employee as an independent contractor. In addition, engaging and obligating the College with an independent contractor may expose the College to significant risk.

Responsibilities of College Departments: All departments, institutes, academic programs and other units engaging independent contractors (*Individual Consultants Only*) must complete the following steps before any work is performed:

- Review the *Contract Management Policy*.
- Complete the *“Request for Independent Contractor Approval”* forms including the obtaining of necessary approvals.
- Obtain an executed contract of engagement from the service provider
- Obtain certificates of insurance from service provider if applicable as required for any individual providing services to the College. (*See: Insurance Requirements section*)

Insurance Requirements (If Applicable)

Policy: All contractors, vendors, and caterers, irrespective of size, volume of work, or length of contract, must provide Middlebury College with evidence of insurance coverage. Minimum requirements are evidence of Workers’ Compensation, Auto, and General Liability insurance. [*See: “Certificates of Insurance” and “General Conditions of Contracted Work” documents attached*]

Policy Rationale: Ensuring that contractors and vendors have full insurance coverage before they venture onto College property guarantees that any adverse impact of their actions will be covered by their own insurance and that College policies will only be activated as a supplement. While vendor/contractor insurance cannot totally immunize the College from potential litigation, it does provide a first line of defense from liability and help to protect students, faculty, staff and guests from potential negligence or carelessness on the part of vendors and contractors to the College.

Requirements:

College personnel authorized to hire vendors, contractors, or caterers for Middlebury should obtain insurance certificates, if applicable, prior to commencement of any work (see *"Request for Certificates of Insurance"* attached). **Lack of insurance certificates on file will result in the withholding of payment to the vendor until such certificates are provided to the Controller's Office – Payment and Procurement.**

Procurement Cards

The College makes available, subject to supervisor approval, a Middlebury College VISA procurement card for individuals who routinely place orders on behalf of the College and who travel on College business. The procurement card provides an effective and efficient method of purchasing and paying for goods and services, especially small dollar items procured repeatedly and/or frequently.

Policy: Middlebury College employees who hold Middlebury VISA procurement cards are responsible for the appropriate use and administration of the card in transacting College business. **The card is to be used only for College business and should never be used to make personal purchases.** Procurement Card holders are expected to use their cards for College travel and procurement – credit card reward programs are not an acceptable reason for use of a personal credit card by procurement card holders.

Policy Rationale: Purchasing cards empower College employees to fulfill departmental purchasing, travel, and payment needs with minimal paperwork and back-office workloads and eliminate the need for authorized employees to use personal credit cards and seek reimbursement from the College. This reduces the transaction costs associated with routine College operations and additionally provides rebates to the College based on the transaction volume achieved within the College P-Card program.

Requirements:

Each cardholder is responsible for timely review of her/his transactions at the on-line JP Morgan/Chase card website. Each cardholder is similarly responsible for retention and filing of all receipts related to card purchases and the monthly reconciliation of retained receipts to the monthly card statement mailed to the holder's College address. **Periodic audits of cardholder**

spending are performed by the Controller's Office, at least annually, for each cardholder's activity.

Cardholders are responsible for ensuring receipt of goods and for initial resolution of all questions and disputes with merchants with whom they have transacted College business using the procurement card. In cases where resolution of problems directly with vendors is not possible, or in cases of suspected fraud, cardholders should immediately contact the procurement card administrator in the Controller's Office for support.

Each Middlebury VISA card is customized to the individual cardholder's needs in terms of spending limits and the type of transactions and vendors enabled on the card. Cardholders whose usage needs change or who experience temporary needs for increased spending authority should contact the Controller's Office in advance of transacting business to assure that a transaction is not declined at the point of purchase. *(For further documentation of the Procurement Card Program see the specific "Procurement Card Policies and Procedures" document attached.)*

The Middlebury College Procurement Card is designed to provide convenience and flexibility in ordering and paying for goods and services purchased for the College. Use of the Procurement Card is subject to all of the specific guidelines for procurement defined elsewhere in this document.

Cooperative Buying Agreements

As a member of the Educational & Institutional Co-Operative of several hundred institutions of secondary and higher education, Middlebury College has access to competitively bid buying agreements with major national corporations across a wide spectrum of products and services which provide favorable prices to the College and other Co-Op members. Updated information on procurement opportunities through E&I are available on their website (E&I.org) and are frequently communicated to appropriate College departments by the Office of Business Services. In addition, the College has elected to direct the majority of its furniture and office supplies purchases specifically through E&I sourced contracts administered by Facilities Services and the Office of Business Services.

Policy: Furniture purchases at Middlebury College, including furniture for individual offices, must be directed through the office of Facilities Services to assure the full utilization of the favorable pricing arrangements secured for the College.

The College has also negotiated a cooperative agreement for the procurement of office supplies with Office Max under an E&I national contract for higher education institutions. Office supplies should be ordered through Office Max using their on-line, web-based catalogue system except in cases where specialized items required by individuals or departments are unavailable through the Office Max catalogue. *[Note however, that furniture items listed in Office Max's web catalogue are unavailable for direct ordering by employees – all furniture orders must be routed through Facilities Services]*

Policy Rationale: The E&I / Office Max contracts offer the College discounted pricing further enhanced by substantial rebates for transaction volume and electronic ordering. These contracts offer the further advantage of web-based ordering with direct-to-desk delivery, paperless invoicing, and direct electronic charging to College accounting/budget codes.

Requirements:

Faculty and department staff wishing to purchase office supplies directly and who are authorized to charge expenses directly to department budgets or other accounting codes should contact the Office of Business Services / Procurement Card Administrator - to establish an on-line, direct bill account with Office Max for their department or budget. Office supplies should only be purchased from other suppliers (Staples, Costco, etc) in cases where specialized items are unavailable from Office Max.

Contracts

Policy: Contractual arrangements legally binding the College may only be executed according to the standards and process set forth in Middlebury College's separate policy document: **"Contract Management and Policy at Middlebury College"**. Refer to that document before attempting to conclude any contract for goods or services on behalf of the College. Failure to follow the standards and procedures set forth in ***Contract Policy*** may result in disciplinary action or possible termination.

Policy Rationale: While the execution of contracts with outside suppliers is often an integral part of procuring goods and services for Middlebury College, such contracts are legally binding and if not subject to sufficient scrutiny by senior College administrators and/or by outside legal council can lead to extensive litigation with substantive negative impacts on the College.

Requirements:

Contracts for goods and services may take the form of maintenance agreements, licensing agreements (including computer software), equipment and facilities service agreements, construction contracts, business services agreements, consulting contracts, leases, and rental agreements as well as others. The separate policy document **"Contract Management and Policy at Middlebury College"** provides both general and specific guidelines for contractually based procurement and should be used in **any** situation which requires execution of a formal contract to secure required goods or services for the College.

The College restricts the usage of its name, its logos, and other potentially trademarked or trademarkable entities. Any use of the College related names or images by outside firms or organizations for exposure or purposes beyond internal College operations should first be cleared through the Office of Business Services. *[Note: this restriction does not extend to the usage of College name and logos on mailings, catalogues, or advertising printed by outside firms and originating in College departments for mailing to established College constituencies or prospective parents, students, donors, etc.]*

With respect to College names and logos, trademarks have been secured for a number of proprietary College logos and names. In order to ensure the proper use of these within the parameters of trademark protection, the Office of Business Services must authorize their usage by any outside entity seeking to use or display such names and logos. College departments working with outside organizations in this area should contact the Business Services office to determine what images and names are protected and to secure release for usage by outside parties.

Travel Services & Local Accommodations for Visitors:

Policy: The College encourages travelers on College business to use all means at their disposal to minimize the cost of travel to College budgets. In the evolving world of on-line travel booking, the lowest cost fares and accommodations are increasingly available through major on-line sites such as Travelocity.com, Expedia.com, and Orbitz.com. Travelers are encouraged to use the College's web access to compare fares across these (and other on-line providers) in order to seek the most cost effective reservations for air and rail fares, hotels, and ground transport.

The College also maintains a preferred vendor relationship with both Middlebury-based travel agents: Accent Travel and Milne Travel. These full-service local travel vendors offer College employees reservation screening services and the ability to register individual travel preferences (seating, type of room, etc) as well as direct centralized billing to College budget codes provided to them at the time of reservation. **They may not, however, provide the most cost effective fares and reservations when compared with the major on-line services.** For this reason, travelers are encouraged to comparison shop on-line reservations with the local vendors and select the most cost effective reservation alternatives.

The College has also negotiated preferential rates with local hotels for visitors to Middlebury. The vendors offering reduced rates are Middlebury Inn, Marriott Courtyard, Inn on the Green and Swift House Inn. College personnel making reservations for guests and visitors should ask for the preferential rates when booking rooms, but should be aware that all four of the discounting vendors have established some black-out periods during peak seasonal tourist weeks in Vermont and during Middlebury College event weekends such as Family Weekends, Homecoming, Reunions and Graduation.

Requirements:

Faculty and staff using the local travel agents should register their travel preferences and departmental expense code (*Index*) with one or both of the preferred travel agents. When making reservations by phone or e-mail with the preferred vendors, travelers should be sure to reconfirm their accounting index code to which the travel is to be billed, and any supplemental codes (activity or location) which they wish to have on the billing to facilitate special tracking.

Travelers holding College VISA procurement cards should be sure to provide the agent with their P-Card data to ensure that reservations are billed electronically direct to their card rather than through the vendor's monthly statement. This VISA card use holds true for travelers electing to use an on-line travel service such as Travelocity. Procurement card holders should use their College VISA to book reservations to obtain the additional discount available

Emphasis on Local, Minority-Owned & Environmentally Committed Vendors:

Policy: Middlebury College has traditionally emphasized placing College business with local firms. Reflecting the College's institutional commitment to comprehensive environmental stewardship, Middlebury similarly emphasizes sourcing from firms whose services and products:

- (1) further Middlebury's stewardship goals
- (2) Demonstrate superior long term sustainability, energy efficiency, and pollution minimization in product production and usage life cycles.

In addition, Middlebury has an articulated commitment to institutional diversity across lines of race, ethnic origin, religion, gender and sexual orientation. The College therefore encourages the placing of its business with firms and individuals representative, especially in terms of ownership or management, of these goals of institutional diversity.

Policy Rationale:

Local Vendors – Preferential use of local vendors recognizes the fundamental interdependence between the College and the larger Middlebury and Vermont communities as a whole. The potential advantages of local suppliers in terms of service, delivery and dedication should be weighed carefully against regional and national vendors' potential pricing advantages and supply source diversification. The overall balance between these variables (and others) should be considered in a context of long term impact and advantage to the College.

Environmentally Committed Suppliers - The College's institutional commitment to environmental stewardship as a core value and a "Peak of Excellence" dictates a high sensitivity to like commitments on the part of vendors selected to supply the College and to the products and services they offer.

Minority-Owned Vendors – Where possible, given the nature of the College's rural location, Middlebury's commitment to institutional diversity should be reflected in the placing of College business so as to encourage the entrepreneurial efforts of minorities, both within Vermont specifically and the region and nation more generally.

Requirements:

Preferential sourcing from local suppliers for College needs should be driven by more than geographic proximity. Where local vendors are unable to offer superior pricing to the College, other qualitative factors such as product quality, delivery, service, after-sale support, and terms should be considered to determine if local sourcing provides equal or superior **overall** competitiveness with large chain and industrial vendors.

College business, moreover, should be viewed by local vendors as something to be earned and **not an entitlement**. Personnel making purchasing decisions for the College should monitor local vendor relationships closely to assure that preferential, long-term relationships **remain** demonstrably competitive.

With respect to purchasing decisions where heavy emphasis is given to environmental impact factors over pure pricing, departments and individuals need to also keep in view their fiscal stewardship obligations to parents, alumni, and donors in making the Middlebury educational experience accessible and affordable.

Miscellaneous Policies: Allowable Expenditures:

Policy: College faculty and staff authorized to spend against College budgets, to use College VISA cards for departmental procurement, or to charge at local vendors on College accounts need to carefully exercise discretion in expending College funds. Expenditures must be **directly** related to College operations and programs and should never be made for personal benefit or for the exclusive benefit of co-workers.

Purchases authorized for "departmental" expense, for example, **exclude** items bought for personal décor of offices, for stocking of departmental "kitchens", or for individual use other than routine office supplies.

Electronic devices such as PDAs, Blackberries, computers, cell phones, etc. are approved and governed under separate policies administered by the Telecommunications and Information Technology areas and these departments must be consulted before purchasing any such item for individual (or departmental) use.

Policy Rationale: The College's principal sources of revenue are students, their families, alumni, and other donors. The reasonable expectation of these constituencies is that such revenue sources will be applied toward the promotion of the College's primary mission.

Requirements: Common sense and a sensitivity to the shared responsibility for College funds need to be the guiding principles in deciding what expenditures are allowable in performing College business. Items such as first class airfares, spousal travel, memberships in clubs, special hotel amenities, office art and plants, sending of flowers or gifts, payment of fines or tickets, and personal clothing are clear examples of inappropriate expenditures of College resources.

Similarly, expenditures for a collective "departmental" benefit such as off-site retreats, internally catered department events, or faculty/staff 'business' meals should be judged as to whether the spending directly relates to the College's core mission or represents convenience and individual benefit for a handful of College employees.
