STANDARD OPERATING PROCEDURE:  
3.0 SOURCING  

This procedure is in accordance with Purchasing Policy 20.1.11.

Introduction

Rutgers University purchases a wide variety of products and services. Sourcing is the component of the procurement process that encompasses the selection of a supplier of these goods and services. University Procurement Services is responsible for assisting units with the procurement process in the most cost-efficient and convenient way possible, while ensuring compliance with university policies. Units should contact one of the procurement teams for assistance with their procurement needs.

Specific individuals in each unit are authorized to complete transactions totaling less than $10,000 (some restrictions apply) after obtaining a quote. For purchases $10,000 and over, University Procurement Services may be involved in the process, and must be involved for purchases $150,000 and over. In all cases, the purchase of goods and services must be done in an open and competitive environment to ensure that prices are fair and reasonable.

For training and additional resources on Sourcing, please visit University Procurement Services’ Training and Resources.

Procedure Outline

3.1 Sourcing Order of Preference
3.2 Sourcing Methods (Supplier Selection)
3.3 Formal Bid Process
3.4 Waiver of Bid Process
3.5 Additional Required Documents
3.6 Other Approvals/Notification Needed
3.7 Federally Funded Sourcing
3.8 Sustainability

Definitions

Request for Proposal (RFP): A document that solicits a proposal, often made through a bidding process, by Rutgers University for procurement of a commodity, service, or valuable asset, to potential suppliers.
Standard Operational Procedure (SOP): A set of instructions that functionally describes the key procedures.

Procedures

3.1 Sourcing Order of Preference

Before making a purchase, units should consider which of the options for supplier selection is appropriate for the transaction. Typically, there is a single best that option in terms of price, time savings, and administrative costs.

Rutgers strongly encourages units to purchase goods and services in this order of preference:

1) **Internal supplier.** An internal supplier is a university unit that provides goods and/or services to another university unit. Related costs are billed to the receiving unit. Procurement Services generally does not assist with these transactions, except in the event of an order change (see 5.0 Ordering Goods and Services).

To access the internal supplier list, units should log on to my Rutgers Portal for a complete list of active internal suppliers in RU Marketplace, using the Active IPO Search job aid for assistance. If the specific supplier is already known, units can go to Shop, and search by "IPO: vendor name". Also see Submit an Internal Purchase Order.

2) **University-Contracted Supplier.** If a good or service is not available from an internal supplier, then units should consider purchasing from a university-contracted supplier. A university-contracted supplier is a supplier with whom Rutgers has an active contract which was either competitively bid or negotiated with suppliers that meet the requirements for Waiver of Bid procurement. These agreements may also include State contracts, GSA or other federal supply contracts, or group or cooperative purchasing agreements that the university may utilize.

Units may locate university-contracted suppliers by either:

   a) Checking the RU Marketplace, punch-out catalog, which is the university’s online catalog ordering system that allows authorized users to create buying carts and place orders from many of Rutgers’ contracted suppliers. For more details, see 5.0 Ordering Goods and Services. See Shop with a Punchout-Enabled Supplier and Punchout Process Instructions.

   b) Contacting one of the category teams for a listing of available contracts.

3) **Other Supplier** – If the above options do not meet the need of the unit, then units must consider a purchase from another supplier. Purchasing from another supplier involves additional steps, and may require University Procurement Services. Units should refer to 3.2
Sourcing Methods for details in procuring goods from a supplier that is not an internal university supplier nor an outside supplier with a university contract.

### 3.2 Sourcing Methods (Supplier Selection)

If neither an internal or university-contracted supplier meets the needs of the unit, the good or service must go through a supplier selection process. The specific process is determined by the value of the purchase, however purchases of a lower value may utilize the process established for purchases of a higher value if the unit and University Procurement Services jointly determine that doing so is in the best interest of Rutgers. Units must not split purchases to avoid the requirements of a higher value supplier selection process.

The following sourcing methods must be utilized:

**Purchases Under $10,000**

#### 3.2.1. Quote and Quick Order

All requisitions of purchases of goods and services under $10,000 (the Low Value purchase range) must have an accompanying quote from the supplier before a purchase order is issued. University Procurement Services does not need to be involved in these transactions but is available to assist as needed. Goods or services below $10,000 are considered Low Value and can be awarded without soliciting competitive quotations if the unit considers the price to be reasonable. Rutgers units should distribute Low Value purchases equitably among qualified suppliers, and specifications should neither reference nor be written specific to a particular brand, model, or company. See the Purchasing Checklist instructions.

Units must do the following prior to issuing quotes:

- Determine if excess or surplus university equipment or property can be used
- Ensure that the purchase is not for unnecessary or duplicative items
- Ensure that that minority businesses, women's business enterprises, and labor surplus area firms are used when possible (contact Supplier Diversity Manager)

Please review the How to Buy section of the University Procurement Services website for a complete list of necessary activities before making a purchase.

**Quick Orders**

For an item under $10,000, it is possible to issue a quick order, only if the purchase is not on a blanket order or a part of multiple smaller orders placed to bypass the $10,000 threshold. Service orders are also not allowed on Quick Orders. With Quick Orders, the RU Marketplace
system automatically reviews purchase requests and issues a purchase order. Units must review the list of restricted items before issuing a quick order. See 5.0 Ordering Goods and Services. Also see Submit a Quick Order.

Please review the How to Buy section of the University Procurement Services website for a complete list of necessary activities before making a purchase.

**Purchases Of At Least $10,000 And Less Than $150,000**

3.2.2. Informal Bid

All purchases of goods and services totaling at least $10,000 but less than $150,000 are considered to be in the Informal Bid Range and must include a price or rate quote from more than one supplier. University Procurement Services does not need to be involved in these transactions but is available to assist as needed. The number of quotes obtained is at the discretion of the unit, however a higher number of quotes provides a better benchmark of pricing and other services. Specification should be generic in nature to allow sufficient competition (no particular brand, model, or company), and quotes should not include suppliers that developed, or assisted in the development of, specifications, requirements, or statements of work, nor include suppliers with a conflict of interest.

See the Informal Bid Intake Form for the applicable checklist needed to submit a requisition (for purchases not utilizing a university contract). See the instructions and instructional video for support in completing the form.

**The lowest price may not always be the best value.** Units should consider the total cost of ownership, which includes the purchase price, transportation, handling, inspection, quality, rework, maintenance, disposal, and other associated costs. Units should contact the applicable category team for assistance if needed, in the total cost of ownership analysis.

See 5.0 Ordering Goods and Services for step-by-step ordering detail.

Units must do the following prior to issuing quotes (the below are incorporated in the Informal Bid Intake Form):

- Determine if excess or surplus university equipment or property can be used
- Ensure that the purchase is not for unnecessary or duplicative items
- Perform a lease versus purchase analysis where appropriate
- Ensure that that minority businesses, women's business enterprises, and labor surplus area firms are used when possible (contact Supplier Diversity Manager)

A Waiver of Bid is required when there are circumstances where competitive procurement may not be possible and neither the Informal Bid nor the Formal Bid methods apply. See 3.4 Waiver of Bid Process below.
Purchases $150,000 and Greater

3.2.3. Formal Bid

All purchases of goods and services $150,000 and greater are considered to be in the Formal Bid Range and will be managed by University Procurement Services, either in the form of a sealed or a competitive bid. See 3.3 Formal Bid Process.

A Waiver of Bid is required when there are circumstances where competitive procurement may not be possible and neither the Informal Bid nor the Formal Bid methods apply. See 3.4 Waiver of Bid process.

3.3 Formal Bid Process

University Procurement Services is responsible for conducting the Formal Bid process for all single purchases $150,000 and greater (Formal Bid Range), and will assist the units throughout the process. This process is initiated when a unit either approaches University Procurement Services with a formal bid request, or University Procurement Services recognizes a university-wide need for a contract for a particular good or service. Purchases on federal funds are subject to pre-procurement review by the federal awarding agency. An agency may request that units or University Procurement Services forward the bid documents for the agency’s review prior to a bid or proposal being sent to suppliers.

Units requesting a formal bid must adhere to the following steps:

The unit should first complete the RFX Intake Form, where the unit will:

- Determine if excess or surplus university equipment or property can be used
- Ensure that the purchase is not for unnecessary or duplicative items
- Ensure that that minority businesses, women's business enterprises, and labor surplus area firms are on the solicitation list (contact Supplier Diversity Manager)
- Ensure that specifications are general in nature
- Make an independent cost estimate (for federal awards)

See the RFX Intake Form instructions and instructional video for assistance.

Once it is determined that the best course of action is a formal bid, the formal bid process is as follows:

1) Stakeholder Engagement – University Procurement Services will assist the unit (where applicable) in analyzing spend. The analysis may determine primary stakeholders. Any other stakeholders will also be determined at this point, if applicable. Stakeholders should be Rutgers individuals with no conflict of interest associated with the supplier/s on the bid or proposal (see 10.0 Ethical Conduct).
2) **Specifications** – The stakeholder group will outline and submit to University Procurement Services the detailed specifications, performance standards, and/or scope of work for the good or services needed.

Specifications and bids should:

- Be generic in nature to allow for sufficient competition

Specifications and bids should NOT:

- Place unreasonable requirements on the bidder in order for them to do business
- Require unnecessary experience or excessive bonding
- Reference nor be written specific to a particular brand, model, or company
- Include contractors that developed, or assisted in the development of, specifications, requirements, or statements of work
- Include contractors or suppliers with an organizational conflict of interest
- Include non-competitive contracts to consultants who are on retainer contracts

3) **Solicitation** - Using the specifications received from the stakeholder team, University Procurement Services develops and issues a solicitation document (e.g., Request for Proposal (RFP)) to solicit bids and/or proposals from suppliers. The document will include information, terms and conditions, and instructions on how to submit. If the Formal Bid is for a purchase using federal funds, the awarding federal agency may request review of the solicitation documents, particularly for review of the technical specifications, prior to bid.

In soliciting suppliers, University Procurement Services will:

- Search broadly and completely for viable bidders
- Ensure that all prequalified sources (bidders) included in the Formal Bid are current
- Include enough qualified sources
- Include potential bidders during the solicitation period, if they qualify
- Include small, minority, and woman-owned business in the bidders list where possible by dividing requirements into smaller tasks (if economically feasible) and establishing delivery schedules that permit more participation
- Include suppliers in labor surplus areas where possible
- Require contracts subcontractors to meet the university’s diversity and social responsibility values
A). **Solicitation of Sealed Bids** - A sealed bid should be the formal bid method considered first, particularly for federally funded awards. Sealed bids are typically used to procure high-cost items with easily definable characteristics. This type of bid publicly solicits a fixed price contract (lump sum or unit price) that is awarded to the bidder who conforms with all the terms and conditions of the bid, and is the lowest in price. A public bid opening is held at a specific time and place.

Solicitation of a sealed bid is conducted when:

- A complete, adequate, and realistic specification or purchase description is available
- Two or more bidders are willing and able to compete for the business
- The contract is awarded solely on price

Requirements of a sealed bid:

- Bids must be solicited from two or more bidders, providing them sufficient response time prior to the date set for opening the bid.
- The invitation for bids, which must be publicly advertised (for federally funded awards), will include any specifications and pertinent attachments and must define the items or services in order for the bidder to properly respond.
- Bids must be opened at the time and place indicated in the invitation for bids and must be opened publicly.
- A fixed price contract award must be made in writing to the lowest responsive (on time and in compliance with bid requirements) and responsible (with means to comply with contract requirements) bidder. Where specified in the bidding documents, factors such as discounts, transportation cost, and life cycle costs are considered in determining the lowest bid.
- Payment discounts must only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of.
- Any or all bids must be rejected if there is a sound documented reason.

B). **Solicitation of Competitive Bids** - A competitive proposal should be considered when a sealed bid (price-based only) does not meet the needs of the university, and when other factors must be considered as part of the selection processes. A public bid opening is usually not held. Rutgers issues a Request for Proposal (RFP) when the award will be based on more than price. Competitive proposals are usually more detailed than sealed bids.

Solicitation of a competitive proposal is conducted when:
• A complete, adequate, and realistic specification or purchase description is available

• Two or more bidders are willing and able to compete for the business

• It is possible for the contract to have a fixed price or a cost-reimbursement type contract and the selection of the successful bidder is made on the basis of price and other factors

Requirements of a competitive proposal:

• For federal awards, the proposal must be publicized and identify all evaluation factors and their relative importance.

• Proposals must be solicited from an adequate number of qualified sources.

• Rutgers must use a written method for conducting technical evaluations and selecting recipients.

• Contracts must be awarded to the supplier whose proposal is most advantageous to Rutgers, with price and other factors considered (excluding price as a selection factor can only be used in architectural/engineering professional services, and qualifications-based competitive proposals).

• For federal awards, Rutgers must include supplier profit as evaluation criteria if there is no price competition.

4) Evaluation - University Procurement Services works with the stakeholder group to assess each proposal to determine which represents the best value to the university. The university should award contracts only to responsible suppliers possessing the ability to perform successfully under the terms and conditions outlined. Consideration will be given to supplier integrity, compliance with policy, record of past performance, and financial and technical resources. For federal awards, Rutgers must include supplier profit as evaluation criteria. Suppliers will be notified of the bid results by University Procurement Services.

Evaluation Requirements:

• Confidentiality – to remain an open and competitive purchasing event, information regarding the bidding process must be kept confidential at all times. All questions relating to the bidding process should be addressed to University Procurement Services.

• Valid Submissions – bid submissions must meet the requirements detailed in the solicitation document, in the specification format, unless an exception has been
approved by the Associate Vice President/Chief Procurement Officer (or his/her designee)

- Geographic Preferences – with the exception of suppliers located in a labor surplus area, no preference will be given to state, local, or tribal geographical preferences in the evaluation of bids or proposals (for federal awards, unless the award mandates geographic preference or the award is for architectural or engineering services)

1) **Post Award Supplier Set-Up** – after a supplier has been awarded, University Procurement Services will set the supplier up in the RU Marketplace system. University Procurement Services may also proceed with drafting a university contract, as appropriate (see 4.0 Contracting). University Procurement Services may also include the supplier in the RU Marketplace punch-out catalog, as appropriate, for a goods-based supplier who provides goods for the wider university community.

2) **Federal Contract Considerations**

   - Contracts based on cost estimates can only be used in certain circumstances in Subpart E of Uniform Guidance (200.323c).
   - The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.
   - Rutgers may engage a supplier in a time and material contract as a last resort.
   - Value engineering clauses should be used when possible.
   - Federal awarding agency or pass-through entity may accept the bonding policy and requirements of Rutgers provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected.

### 3.4 Waiver of Bid Process

Procurement by noncompetitive proposals (Waiver of Bid) is procurement through solicitation of a proposal from only one source and may be used only when circumstances apply. This process is utilized in lieu of an informal or formal bid process. University units must submit the Waiver of Bid Request Form (see instructions and instructional video), however this does not guarantee that University Procurement Services, or the Board of Governors of Rutgers, The State University, will approve the request as applicable. University Procurement Services will ensure that the request meets an allowable justification for a Waiver of Bid. Also, University Procurement Services will do a supplier check prior to any approval, to ensure that the supplier is not on a debarred list.

For federal awards, in situations where there is no price competition for bids $150,000 or more, **profit must be negotiated as a separate element of the price**.

If the request is not approved, University Procurement Services will help the unit identify a supplier and facilitate an informal or formal bid process.
Waiver of Bid purchases on federal funds are subject to pre-procurement review by the federal awarding agency. An agency may request that units or University Procurement Services forward related documents for the agency’s review.

**Bid Waiver Justifications for Non-Federal Funds:**

**A. Sole Source Justifications**

- Highly unique or specialized professional services
- Leasing of Space
- Required by grant or existing public contract/proposed agreement with another public entity or government agency

**B. Technical Evaluations**

- Highly unique or specialized professional services
- Leasing of Space
- Required by grant or existing public contract/proposed agreement with another public entity or government agency
- Demolition equipment
- Proprietary hardware/software
- Standardization (continuity of existing equipment or related service)

**C. General Justifications**

- Change order (adding to existing order)
- Favorable terms (subject to evaluation by University Procurement Services)
- Pilot project/trial/experiment
- Required by grant or existing public contract/proposed agreement with another public entity or government agency

**Bid Waiver Justifications for Federal Funds:**

- Goods or services can only be provided from one supplier.
- After solicitation of a number of potential sources, competition is determined inadequate.
- Public exigency, meaning life, safety, or health of the public must be sustained through immediate delivery of products or performance of services.
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from Rutgers University.
Once it has been confirmed that the good or service is Waiver of Bid eligible, units will need to do the following:

1) Create a requisition in RU Marketplace.

2) Complete the Waiver of Bid Request Form. See instructions and instructional video.

3) Wait for University Procurement Services to review the form for approval and make contact if there are any issues or questions.

4) Verify whether there is a separate contract that needs to be executed prior to a purchase order.

5) Attach Waiver of Bid Request Form and proposed contract to the requisition, if required.

3.5 Additional Required Documents

There may be other documents that must be signed or approved prior to purchase order, depending on the supplier or the type of engagement. Most of these items are included on the purchasing intake forms (Informal Bid Intake Form, RFX Intake Form, and Waiver of Bid Request Form).

The additional forms are:

- **ICED (Independent Contractor or Employee Determination)** – This is a prerequisite document for guest lecturer, honorarium, or professional services engagements, that the prospective supplier must complete and must be reviewed and approved by University Procurement Services or University Tax Department prior to any start of service. Please refer to the Professional and Business Services Matrix for assistance.

- **BAA (Business Associate Agreement)** – This agreement is required when a unit is engaging services that include creating, receiving, maintaining, or transmitting Protected Health Information (PHI). Use of the university template is preferred. A non-University template may be authorized upon contract management review, negotiation and approval. This contract must be negotiated and approved by the Rutgers’ Office of General Counsel.

- **Facilities Checklist** – This checklist should be reviewed if the purchase is a facilities engagement.

- **Public Works Registration** – This registration is needed for all facilities or constructions-based engagements.
• **Statement of Work** – All service-based purchase orders should have a Rutgers Statement of Work that outlines the service scope and deliverables. This would include most professional services. This should be attached to the requisition as an internal document. Please refer to the [Professional and Business Services Matrix](#) for assistance.

• **TPRA (Third Party Risk Assessment)** – This assists units in evaluating the security/compliance of third parties or application service providers by requiring the supplier to disclose their method of managing and storing restricted, internal or public information. The unit must forward the TPRA to Rutgers’ Office of Information Technology to review, assess the prospective supplier’s processes, and make a recommendation regarding moving forward with the supplier. The goal is to provide a safe environment for Rutgers’ data, assets, and resources and to maintain confidentiality.

• **Voluntary Product Accessibility Template** – This assists University Office of Information Technology in assessing whether the electronic or information technology product being purchased meets accessibility standards.

### 3.6 Other Approvals/Notification Needed

**Approval of Bid Waivers for Certain Contracts.** Any Waiver of Bid that totals $1 million or greater must be approved by the Board of Governors of Rutgers, The State University of New Jersey or other appropriate Committee prior to any issuance of a purchase order.

**Board of Governors Notification.** All contracts procured via Bid Waiver will be reported to the Board of Governors of Rutgers, The State University of New Jersey, or an appropriate Committee on an annual basis.

### 3.7 Federally Funded Sourcing

If goods or services are purchased using federal award funds, these purchases must be made in accordance with [U.S. Office of Management and Budget Circular No. A-21](https://www.whitehouse.gov), Cost Principles for Educational Institutions (2 CFR Parts 215 and 220). All spending of federal funding is subject to an annual audit under the guidelines set in [OMB Circular A-133](https://www.whitehouse.gov). To ensure compliance, all activity affecting a federally sponsored project/grant should meet the terms and conditions of the grant or contract, and also the provisions set forth in the Uniform Guidance [Procurement Standards](#).

### 3.8 Sustainability

Rutgers will make every effort to source “green” products and source from “green” suppliers where practical. For federal awards, this includes procuring only items designated in guidelines of the
Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials. University Procurement Services works with the Manager of Diversity and Sustainability at the time that the supplier solicitation list is created to include these suppliers where possible.

3.8.1 Alternative Fuel Transportation Program

The University participates in a fleet management program that complies with the U.S. Department of Energy’s Alternative Fuel Transportation Program.

When units wish to purchase a new vehicle, they must:

1) Determine the type of vehicle that complies with the Alternative Fuel’s Transportation Program.

2) Select a vehicle model based on the unit’s need by fuel type, manufacturer, and class (hybrid electric vehicles are not acceptable under the Rutgers’ standard compliance.

3) Fill out the Vehicle Purchase Form (DOC) and contact the appropriate purchasing representative.

4) Work with University Procurement Services to obtain quotes and assist in the vehicle purchase process, including approvals from senior procurement and finance officials.

5) Wait for University Procurement Services category representative to submit purchasing information to the Supplier Diversity/Sustainability Manager to compile information and submit the annual Department of Energy Alternative Fuel Program report.

References

Campus Instructions
Active IPO Search
Submit an Internal Purchase Order
Shop with a Punchout-Enabled Supplier
Punchout Process Instructions
Submit a Quick Order
Informal Bid Intake Form Instructions
Informal Bid Intake Form Instructional Video
RFX Intake Form Instructions
RFX Intake Form Instructional Video
Waiver of Bid Request Form Instructions
Waiver of Bid Request Form Instructional Video

Process Flowchart
Sourcing
**University Procurement Services Internal Instructions**

**Check Request Internal Process Instructions**
**RFX Intake Form Internal Process Instructions**
**Informal Bid and Waiver of Bid Internal Process Instructions**

### Revisions

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