

VIII. PURCHASING VII BUSINESS PROCEDURES

7.04 PURCHASING

The Regents affirm that the best interests of the state of Iowa and the Regent institutions are served through implementation of a full and freely competitive purchasing system ~~fostered by the use of open specifications, competitive bids or quotations, and awards to the lowest responsible and responsive bidder.~~

8.01A Authority

- A1. The Board of Regents is authorized by statute to contract for goods, services, and capital improvements. (Code of Iowa I.C. 18.3 and Chapter 262)
- B2. ~~The Board delegates this authority in certain circumstances. The institutional president or superintendent is delegated authority by the Board of Regents to approve agreements and contracts for all goods and services purchased by the institution, except for capital improvements and related consulting contracts, fire protection, legal service, architects, and engineers. The excepted items require approval of the Regents. The institutional president or superintendent may further delegate this authority to others. (Iowa Administrative Code IAC 681-8.2[3]) (Board of Regents Minutes October 18, 1995, p. 324)~~
- C3. ~~The code excludes the Board of Regents from using the Department of General Services for printing. The power of the director of the Department of General Services (DGS) to let contracts shall not embrace printing for the Board of Regents institutions when the institution is able and desires to do its own printing. Institutions can secure, under specifications established by the superintendent of printing, an appointee of the director, DGS, competitive bids for printing service required. Any contract made as a result of such bids must be filed with and approved by the director, DGS. (Code I.C. §§18.29 and 18.49)~~
- D4. Remedies for breach of contract shall be in accordance with the Code of Iowa Iowa Code.

8.02B Organization and Responsibilities

- A1. The Board of Regents shall establish policy policies and maintain oversight of all procurement functions. ~~The Board Office and institutions shall meet regularly to insure coordination of purchasing~~ policy policies and procedures.

- ~~B2.~~ Equipment, furnishings, supplies and services are purchased by the chief business officer of each institution, acting through the institutional purchasing director, on the basis of quotations when practical and feasible, with exceptions noted in this chapter. Such purchases need not be reported to or approved by the Board of Regents, provided that the chief business officer has determined that there is no unusual circumstance which requires the special attention of the Board, and provided the purchase does not involve a lease which must be approved or reported. ~~under section 7.32. (Board of Regents Minutes March 11-12, 1965, p. 3835; February 21, 1990, p. 437; October 18, 1995, p. 324)~~

~~Capital procurement procedures~~ Policies related to capital projects, including bidding, bid security, selection of architects/engineers for Regent institutions are in Chapter IX of this Procedural Guide Policy Manual.

- ~~E3.~~ Each Regent institution, through a central purchasing authority, shall be responsible for purchasing supplies, equipment, and services. Institutions may delegate purchasing responsibility to ~~specialized and/or satellite organizations~~ university departments. Low dollar procurement authority may also be delegated to institutional al units through the use of credit cards or other appropriate procurement instruments, consistent with prudent, contemporary business and audit practices. ~~(Board of Regents Minutes October 18, 1995, p. 324)~~

- ~~D4.~~ Each Regent institution shall establish a purchasing procedure, ~~based on economy of scale, to administer small orders for goods and services~~ under the capitalization threshold. ~~The procedure used as to dollar amount allowable, and firms to be utilized, and definition of local area is determined by the purchasing authority at each institution. Institutions shall report procedures established to the Board Office.~~

- ~~E5.~~ The Iowa Administrative Code allows vendors to charge interest of 1% per month in some situations when a claim remains unpaid after 60 days. Any vendor of supplies or materials to Regent institutions who believes a claim remains unpaid after 60 days following (1) receipt of the invoice or (2) satisfactory delivery, furnishing, or performance of the services, supplies, or materials, whichever date is later, may file a claim with the department designated by the institution. The department designated shall undertake the necessary investigation to determine whether the claim is valid. Should it be found that the claim has remained unpaid after 60 days following receipt of the invoice or the satisfactory delivery of the goods or services, whichever date is later, the claimant shall be paid interest at a rate of 1 percent per month on the unpaid amount of the claim after the 60-day period has elapsed. This paragraph does not apply to claims against the state under Chapters 25 and 25A669 or claims paid with federal funds. (Iowa Administrative Code, IAC 681-8.2[4]) (Board of Regents Minutes March 22, 1984, pp. 502-503)

~~F6.~~ Targeted Small Business - Purchasing.

All laws and rules pertaining to solicitations, bid evaluations, contract awards, and other procurement matters apply to targeted small businesses. This rule is intended to implement ~~Code of Iowa I.C., Section §§73.15 - 73.21; House File 2403, Acts of the Seventy-fifth G.A., 1994 Session; and Executive Order Number 15 of 1973. (Board of Regents Minutes July 16, 1986, pp. 13-17; October 15-16, 1986, pp. 319-323, April 21, 1993, p. 717; October 18, 1995, p. 324).~~

~~G7.~~ The provisions of ~~Code Iowa Code~~ Chapter 551, "Unfair Discrimination," shall not apply.

~~H8.~~ Employees, officers, and members of the Board of Regents shall comply with Regents Conflict of Interest Policy (~~Procedural Guide 10.09~~). ~~Employees, officers, and members of the Board of Regents also shall comply with and~~ the Code of Iowa Iowa Code, Chapter 68B, "Conflicts of Interest of Public Officers and Employees." (~~Board of Regents Minutes November 18, 1981, pp. 284-288~~)

8.03C Qualified Suppliers of Goods and Services

~~A1.~~ Each purchasing officer shall maintain a master list of prospective suppliers and utilize this list to request, when practical and feasible, three or more quotations for each item to be purchased.

~~B2.~~ Any person, agency, or firm wishing to supply materials in a category may request, in writing, that ~~their-its~~ name be added to the master list. ~~-~~ The name is added to the list if, in the professional judgment of the purchasing officer, the addition would aid in fostering a competitive situation. ~~-~~ The purchasing officer may require the requesting party to furnish information on qualifications to supply the item(s) indicated and financial responsibility.

~~C3.~~ Nonresponsive and Nonresponsible Suppliers. ~~-~~ Once a supplier is ~~accepted-en~~added to the master list, the name shall not be removed from the list by an institution except for good and sufficient reasons. ~~-~~ Such reasons shall include, but not be limited to, the following:

~~4a.~~ Repeated delivery of commodities that do not comply with specifications;

~~2b.~~ Repeated failure to deliver within the specified time.

~~3c.~~ Refusal to deliver after making a quotation and after receiving an order;

- ~~4~~d. Repeated withdrawal of quotations prior to the placing of an order;
- ~~5~~e. Failure to have qualified service available in the area to set up, check out, or instruct personnel in use of equipment or failure to have parts to service equipment, if a part of the agreement or warranty, written or implied;
- ~~6~~f. Bankruptcy or other evidence of insolvency, or any other fact which might cause substantial doubt about the supplier's ability to continue as a responsible source and fulfill obligations;
- ~~7~~g. Failure to comply with the Regent Equal Employment Opportunity Policy.- Removal shall be on recommendation of the Regent Compliance Officer;
- ~~8~~h. Illegal purchasing practices;
- ~~9~~i. Repeated failure to respond to requests for prices;
- ~~10~~j. No longer in business;
- ~~11~~k. No bids or orders issued in the last consecutive two-year period; or
- ~~12~~l. Failure to timely cure one or more noncompliant deliveries. (~~Board of Regents Minutes October 18, 1995, p. 324~~)
- ~~13~~m. Removal from an institutional master list of another Regent institution.

- ~~D~~4. Except for removal under items ~~9~~i, ~~10~~j, or ~~11~~k above, names of suppliers removed shall be sent to the Board Office with cause noted.- An interinstitutional list shall be maintained and circulated by the Board Office.
- ~~E~~5. Removal for cause is not to exceed three years, except upon specific authorization of the Board.- Reinstatement requires application to the institution.
- ~~F~~6. A vendor may appeal removal through a written request to the executive director once institutional procedures have been exhausted.- The executive director shall establish a review procedure for such requests and make recommendations to the Board.

Vendor Appeal Procedures

Vendor appeal procedures are currently under revision and will be moved to the Iowa Administrative Code.

- 4a. A vendor who wishes to appeal removal from a Regent institution's qualified vendor list shall, initially, attempt to resolve the issue at the institutional level.
 - 2b. If the vendor is dissatisfied with the institution's response, the vendor may notify the executive director in writing of the vendor's dissatisfaction and request Board Office assistance.
 - 3c. The executive director or designee may then take steps to assist the vendor and the institution in resolving the issue(s).
 - 4d. If the issue(s) remain(s) unresolved, the executive director, at the request of the vendor, may docket the matter for review by the Board. The vendor's written request and supporting information shall also be sent to the institution involved and that institution shall file a written response with the Board Office supporting the institution's position.
 - 5e. If the complaint is docketed, the executive director will prepare a recommendation for the Board to consider. A copy of the recommendation with notice of the date, time, and place of the meeting for which the matter has been docketed shall be sent to the vendor and the institution within a reasonable time. The recommendation and the Board action shall constitute a final report. (Board of Regents Minutes June 20-21, 1984, pp. 726-727)
67. Any complaints from suppliers received by Board members shall be referred to the Board of Regents Office for investigation. Results of the investigation shall be sent to each Board member.

Copies of any written complaints received by the institution shall also be sent to the Board of Regents Office if there are interinstitutional implications.

Complainants are required to exhaust administrative remedies at the institutional level before making a written request for review to the executive director.

Vendor Complaint Investigation Procedures

Vendor complaint investigation procedures shall follow those procedures established for vendor appeals (8.03F) of removal from Regent institutions qualified vendor lists.

If the complaint is docketed, the results of the investigation shall constitute the basis of the executive director's recommendation. If the complaint is not docketed, the results of the investigation shall be sent to each Board member. ~~(Board of Regents Minutes June 20-21, 1984, pp. 726-727).~~

8.04D Competitive Conditions

The following policies establish the competitive conditions under which Regent institutions shall operate.

- A1. Competitive Procedures.- Each purchasing officer or business manager shall be responsible for establishing procedures to ensure that goods and services are competitively bid. Written bids are required for purchases which are expected to exceed ~~\$5,000~~10,000 at the universities and ~~\$2,500~~5,000 at the special schools regardless of the funding source. ~~(Board of Regents Minutes April 21, 1993, p. 717)~~

Negotiated, noncompetitive, and sole source purchases are recognized by the Regents as proper procurement procedures in appropriate circumstances where the public will be served. Regent institutions shall justify the use of negotiated, noncompetitive, and sole source purchasing procedures upon request.

- B2. Bidding. Purchasing officers shall use two types of bid solicitations, either formal or informal. The determination of which type of bid to be used shall be at the discretion of the purchasing authority, except as otherwise provided by law or administrative rule.

- 4a. Formal Sealed Bid. Public notice is required for formal sealed bidding with a bid opening at a specified place on a scheduled day and at a scheduled time. Sealed bids will be publicly opened and read at the date and time specified in the written notice, unless otherwise indicated in the bid documents. ~~(Board of Regents Minutes October 18, 1995, p. 324)~~

- 2b. Informal Quotation. ~~This is a~~ A-request for prices or quotations that is mailed, ~~faxed, communicated by telephone, emailed or otherwise delivered electronically~~ by the purchasing department with due date and time noted. There is no public reading of bids or quotations. ~~This procedure is also followed when taking quotations or bids using the telephone or other means.~~

Institutional purchasing offices shall provide an opportunity for qualified prospective suppliers to prepare timely bids or quotations.

- 3c. Bids or quotations are tabulated in the purchasing department. A buyer either makes the award decision or consults with the requesting department for assistance in the decision, particularly when alternate products are offered by bidders.

- 4d. The names of the bidders and the amounts bid shall be supplied to any person upon request after the opening of the bids and as soon as the evaluation of the

bids is completed. Information will not be released in situations in which the release would provide a competitive advantage to any of the bidders. The name of the successful bidder shall be supplied to any person upon request after the award has been made. ~~(Board of Regents Minutes October 18, 1995, p. 324)~~

- 5e. Nothing contained in these conditions shall be construed to mean that the lowest priced goods or inferior or substandard goods must be purchased. The Regent institutions are to purchase goods at the lowest cost consistent with the quality and service required.
- 6f. Should a buyer recommend an award to other than the low compliant and responsible bidder, a review of the recommendation shall be conducted by the purchasing director or their designee. It shall be the responsibility of the chief business officer or ~~their-his/her~~ designee to monitor the low bid rejections. The purchasing director shall review bid activity on a quarterly basis. ~~(Board of Regents Minutes January 11, 1989, pp. 464-465; October 18, 1995, p. 324)~~
- €3. Withdrawal of Bids. Bids may be withdrawn prior to the time set for receipt of bids. Bids shall not be withdrawn after that time, except as noted herein, without penalty. ~~(For capital projects, see Chapter 9, Guide.)~~

Only in the event of an obvious and documented error where it would be a manifest injustice to require the vendor to perform, can a vendor withdraw a bid after the time set for receipt of bids. Such withdrawal of bids can be done only upon the recommendation of the institution under procedures approved by the executive director.

Procedure for Withdrawal of Bids

- 4a. A request to withdraw a bid shall be provided in writing to the chief purchasing officer or designee of the institution taking such bids.
- 2b. A vendor is required to provide written documentation of any alleged error.
- 3c. Each request for withdrawal will be considered on its own merit.
- 4d. An investigation into the request of the vendor to withdraw a bid shall be carried out by the chief purchasing officer or designee, who shall then report and make recommendation for action to the chief business officer of the institution.
- 5e. A request for withdrawal of bids shall be made part of the vendor's record. ~~(Board of Regents Minutes October 18, 1995, p. 324)~~

- ~~6f.~~ Any future request for bid withdrawal by the same vendor may be cause for removal from all Regent institutions' bid lists as an indication of a nonresponsible supplier. (~~Board of Regents Minutes April 18, 1984, p. 551; October 18, 1995, p. 324~~)
- ~~D4.~~ Bid Security. ~~Use of bid security is discretionary for purchasing supplies and equipment except Academic Revenue Bond proceeds under paragraph L, subsection 2b.~~ Regent institutions are encouraged to use bid security as an incentive to suppliers to enter into contractual requirements. Regent institutions shall cooperate in establishing a common set of conditions under which bid security is appropriate. ~~At a minimum, the conditions in item 1 below should be incorporated. (Board of Regents Minutes October 18, 1995, p. 324)~~

Common Conditions for Use and Reporting of Bid Security

- ~~1a.~~ Bid security shall be used in cases where the ~~chief purchasing officer~~purchasing agent determines there is a need to protect the interest of the institution. The need for bid security may, in part, be determined by the size of the proposed purchase, the item or items being bid, the competitive conditions surrounding the purchase, and the history of such purchases, including general reliability of vendors being requested to bid a particular purchase.
- ~~2b.~~ From time to time, it may be appropriate to require bid security from prospective buyers. ~~Use and reporting of bid security shall also hold for proposed sales of goods and services, as noted in 7.11, "Disposal, Transfer, and Sale of Buildings," of the Procedural Guide and 8.10J, "Surplus Property Disposal." (Board of Regents Minutes April 18, 1984, p. 551; October 18, 1995, p. 324)~~

Bid security, when utilized for purchasing, shall follow bid security requirements as set forth in the ~~Iowa Administrative Code IAC 681-8.6(2 & 4). See Chapter 9.10, Guide in the Policy Manual, for bid security requirements for capital projects.~~

- ~~E5.~~ Sole Source Purchases. The Regents recognize that in some instances scientific, mechanical, and technical equipment or supplies or services may be required which are obtainable only from a sole source ~~only~~. This occurs when: a) there is only one person or firm that can provide the requirement; or b) no other known person or firm is available with an equivalent service or supply.
- ~~F6.~~ Emergency Purchases. The Regents recognize that in some emergency situations the taking of competitive bids or quotations is not feasible or possible. In such situations the requirements to do so may be waived. An emergency includes: a) when life will be endangered; b) property will be destroyed; or c) other specific instances to be approved by the Board Office.

- ~~G7.~~ Iowa State Industries. ~~Iowa Code documents instances where institutions are exempt from purchasing from Iowa State Industries. Institutions under the control of the Board of Regents shall purchase products appearing in price lists published by Iowa State Industries except: (a) when the purchase is made under emergency circumstances, which shall be explained in writing by the public body or officer who made or authorized the purchase if the state director so requests; or (b) when Iowa State Industries is unable to furnish needed articles, comparable in both quality and price to those available from alternative sources, within a reasonable length of time. (Moved from Code I.C. 246.808 to §904.808)~~ Nothing herein shall require Regent institutions to procure items from Iowa State Industries when such items are purchased from Targeted Small Businesses. ~~(Board of Regents Minutes October 18, 1995, p. 324)~~
- ~~H8.~~ Iowa Products and Labor. All state agencies shall use ~~only~~ those products produced within the state of Iowa, when they are of a quality reasonably suited to the purpose intended, and can be secured without additional cost over foreign products or products of other states. ~~(Code I.C. §§73.1 and 18.6) See 8.04M, Guide, for reference to coal purchases. See Chapter 9.10, Guide in of, for resident bidder preference on capital projects.~~
- ~~I9.~~ Exclusive Franchises. All purchases of equipment, furnishings, and supplies for which an exclusive franchise is granted, such as laundry equipment including for residence system facilities, vending machines, beverage contracts, and coin-operated equipment are subject to the receipt of bids or quotations. ~~(Board of Regents Minutes November 8-10, 1967, p. 176)~~
- ~~J10.~~ Professional Service Contracts. ~~Procedures and guidelines shall be established following standard procurement principles that ensure adequate administrative review before and after entering into an agreement. When unique technical or service capabilities are required that preclude competition or require negotiation, such information shall be maintained on file in written form at the institutions.~~
- ~~a)~~ “Professional Service Agreements are contracts for unique, technical and/or infrequent functions performed by an independent contractor qualified by education, experience and/or technical ability to provide services. In most cases these services are of a specific project nature, and are not a continuing, on-going responsibility of the institution, except in the broadest sense. The services rendered are predominately intellectual in character even though the contractor may not be required to be licensed. Professional service agreements may be with partnerships, firms or corporations as well as with individuals. Examples of professionals who provide professional services include but are not limited to: doctors, accountants, engineers, software programmers, real estate appraisers, nurses, guest artists, guest entertainers, guest lecturers, guest musicians, guest performers and guest speakers.

- b) Selection of a Provider. Professional service agreements for greater than \$10,000 must be selected through a competitive Request for Proposal (RFP) process unless the service is a sole source purchase that is appropriately documented. The \$10,000 threshold is not based on a one-time cost, but rather on a cumulative cost for on-going services under the terms of the project engagement. Professional service agreements, which are less than \$10,000 over the course of service, may be entered into without using the required competitive bidding process. Selection of a professional service provider shall be based on a variety of criteria including, but not limited to, demonstrated competence, knowledge, references and unique qualifications to perform the services, in addition to offering a fair and reasonable price that is consistent with current market conditions. Additional criteria may be used as appropriate to the circumstances.
- c) Contractor Accountability. Work requirements should clearly define all performance objectives, work expectations and project milestones, and hold the contractor accountable for successful completion of the resultant agreement. Requirements may include, but not be limited to, reports, training sessions, assessments, evaluations or other tangible services.
- d) Terms and Conditions for Professional Service Agreements. The following terms and conditions must be included in all professional service agreements:
1. Performance Requirements. Performance requirements should be precise and written in such a way that it ~~could~~can easily be determined if and when the contractor has successfully fulfilled his/her obligations under the Agreement. Consequences for noncompliance such as non-payment and/or termination of the contract must also be defined. Scheduled due dates that specify milestone targets must be clearly identified and may include, but not be limited to, regular meetings scheduled to evaluate progress, identification of y problem areas to determine actions to be taken to resolve any concerns, dates for formal written reports, required oral progress reports, and contract monitoring requirements.
 2. Period of Performance. The resultant agreement must specify a start date and a completion date. While there may be exceptions, in most circumstances an end date to the agreement will be required. If an end date cannot be determined, a maximum time limit or maximum number of hours must be stated. Agreements with organizations are typically written for a specific term of successive years. In some instances, these agreements are annually renewable. Other provisions of an agreement may include a renewal clause beyond the original term of the agreement. Extended term agreements for individuals are discouraged.

3. Compensation and Payment. Compensation and payment terms include elements relating to cost and payment, such as maximum cost, (i.e. not to exceed cost), cost per deliverable, hourly rates for individuals providing services, number of hours required, allowable expenses and total authorized for expenses, payment and invoicing procedures. Compensation and payment terms should also include a statement as to whether the Regent institution will pay expenses incurred by the Contractor and if so, which ones. Such expenses may include, but not be limited to, airfare (economy or coach class), lodging and subsistence necessary during periods of required travel; expenses incurred during travel for telephone, copying and postage, and private vehicle mileage. If other types of expenses are allowed, they must be clearly defined.
4. Performance Monitoring. The institution shall monitor the compliance with the terms and conditions of the agreement and applicable laws and regulations.
5. Provision of Liability. The Contractor shall be required to show proof of insurance coverage and workers compensation in compliance with statutory requirements, in the form of a Certificate of Insurance.

~~See 9.05 Chapter 9 of the Procedural Guide for architects and engineers services.~~

~~K11. Academic Revenue Bond Proceeds-
standard~~

- ~~1. On each equipment grouping funded by academic revenue bond proceeds where the estimated cost of the equipment to be purchased from a single source is equal to or less than \$25,000:
 - ~~a. A university shall follow its normal purchasing procedures.~~
 - ~~b. Purchase orders shall be issued with the approval of the chief business officer or designee to the lowest responsive and responsible bidder for equipment conforming to the specifications.~~
 - ~~c. Bid security will not be required unless it is deemed to be in the public interest to do so by the chief business officer or designee.~~~~

~~(Board of Regents Minutes October 18, 1995, p. 324)~~

- ~~2. On each equipment grouping funded by academic revenue bond proceeds where the estimated cost of the equipment to be purchased from a single source exceeds \$25,000:~~

- ~~a. A notice to bidders shall be published as provided by the Code I.C., establishing a time for public opening of bids.~~
- ~~b. Bid security in the amount of 5 percent of the total bid for each group shall be required in the form of cash, certified check, or bid bond, payable to the executive director, Board of Regents.~~
- ~~c. Bid tabulations shall be prepared in the normal format and submitted to the Board of Regents Office for distribution.~~
- ~~d. Award of equipment orders shall be by the Board at a regular meeting and such award recommendations shall be made part of the Register of Capital Improvement Business Transactions.~~
- ~~3. Public hearings shall not be required under either procedure set forth above.~~
- ~~4. The procedures set forth in Section 9.10 of this Guide shall also apply to the purchase of equipment exceeding \$25,000 as described above and funded by academic revenue bond proceeds. (Board of Regents Minutes December 13-15, 1972, pp. 4167-418; July 13, 1981, pp. 9-13)~~
- ~~L12. Purchase of Motor Vehicles. All purchases of motor vehicles shall be carried out in accordance with Board of Regents established guidelines. (Board of Regents Minutes December 16-17, 1981, p. 3645)~~
- ~~M. Purchase of Coal. Coal shall be purchased under the appropriate provisions set forth in the Code I.C., Chapter 73, including bid and contract requirements.~~
 - ~~1. Coal may be purchased upon authorization of the chief business officer for each institution on the basis of the low competitive bid or quotation and in accordance with the Code I.C. and in accordance with specifications approved by the executive director and incorporated in the notice for bids or quotations. (Iowa Administrative Code 681-8.5 [262])~~
 - ~~2. A copy of the proposed coal specifications for each institution shall be sent to the executive director before those specifications are made available to all vendors. The executive director shall approve the coal specifications in writing before those specifications are sent to vendors.~~
 - ~~3. Each institution shall submit a report on institutional plans for coal purchases after the receipt of bids. Such reports directed to the executive director shall be submitted at least 10 days in advance of institutional intent to award a coal~~

~~contract or contracts. The report shall include, at a minimum, the complete bid tabulation, an analysis of bids, and the institutional rationale for intended award of contract. The executive director shall have the opportunity to comment on the intended award of contract and is authorized to docket a proposed award of contract if the executive director deems it to be appropriate.~~

- ~~4. A copy of each coal contract, whether it be new or a renewal, shall be filed in the Board Office as early as feasible after it has been awarded. If the renewal contains the same terms and conditions as the original contract, it will be exempt from filing requirements. (Board of Regents Minutes October 18, 1995, p. 324)~~
- ~~5. Any orders placed outside of the base contract or any changes made during the contract period shall follow the same procedures as outlined above.~~
- ~~6. On multi-year, index-based coal contracts previously approved by the executive director, the following conditions shall hold. Price changes for coal or transportation (1) may be initiated by either seller or buyer, and (2) must have approval of the executive director before the proposed change is official. (Board of Regents Minutes April 12-13, 1989, p. 730)~~

N1311. Purchase of Insurance

Purchase of insurance and risk management guidelines will be addressed in subsequent revisions to this chapter.

- ~~1. Insurance is purchased from the company offering the lowest net cost. Consideration is given to rates, dividend experience, and financial responsibility. Any changes in present insurers made in compliance with this provision are, where practical, made upon expiration of present insurance contracts. (Iowa Administrative Code 681-8.4[1])~~
- ~~2. Unless needed for a shorter period, insurance should be purchased for terms of three years, with annual payment of premium, if possible. Insurance contracts which require purchase of stock or premium deposits should not be purchased. (Board of Regents Minutes January 12-13, 1967, p. 3178)~~
- ~~3. Insurance coverages, authorized by the Regents, are purchased upon authorization of the chief business officer of each institution on the basis of the low competitive bid or quotation and in accordance with principles approved by the Board. (See Regent Minutes of June 23, 1955, p. 476.) Such purchases need not be reported to or approved by the Board, provided that the chief business officer has determined that there is no unusual circumstance which requires special attention of the Board. (Iowa Administrative Code 681-8.4[2])~~

- ~~4. In circumstances where the best interests of the state seem to indicate, the selection of a professional insurance broker of conventional insurance for buildings and contents is endorsed in principle by the Board. In such circumstances, the proposed selection of a professional insurance broker shall be brought to the Board for action. The circumstances and the proposed criteria for selection of a professional insurance broker shall be included in any requested action.~~
- ~~5. Builder's risk insurance may be required of contractors, and certification of such coverage provided in each instance when required in the notice to bidders. (Iowa Administrative Code 681-8.4{3})~~
- ~~6. See section 7.29 of this Guide for supporting guidelines on risk management. (Board of Regents Minutes April 20, 1983, pp. 555-557)~~

8.05E Specifications and Standards

Consistent with the Board's purchasing policies and procedures, institutions, when establishing standards and specifications and size of orders for products, equipment and services, shall give due consideration to the ability of Iowa businesses to compete in bidding for those products, equipment or services. The institutions shall continue to observe the goals of quality and economy in purchasing while meeting the needs of the institutions. ~~(Board of Regents Minutes June 17-18, 1992, p. 9634)~~

- ~~A1.~~ Specifications shall be prepared to assure that they do not restrict or preclude competition.
- ~~B2.~~ All requests for bids and proposals for materials, products, supplies, equipment, **services** and other needed articles to be purchased at public expense shall, whenever possible and practical, be made in general terms and be general specifications rather than be brand, trade name, or other individual mark. Brand names and numbers, when used, are for reference purposes and indicate the character or quality desired. If brand names are used, the specifications shall contain an "or equal" or "or acceptable alternate" clause. The chief purchasing official shall determine what is an acceptable alternate.
- ~~C3.~~ Recognition is also given to standardization and compatibility requirements which should be maintained for purposes of economies in replacement and maintenance.
- ~~D4.~~ Life cycle cost and energy efficiency shall be included in the criteria used by institutions under the ~~State~~ Board of Regents in developing standards and

specifications for purchasing energy consuming products. "Life cycle cost" means the expected total cost of ownership during the life of a product.

Preference shall be given to purchasing American-made products and purchases from American-based businesses if the life cycle costs are comparable to those products of foreign businesses which most adequately fulfill the institution's need. (~~Code I.C. §18.3~~)

~~When purchasing paper and other recycled products, the Department of General Services shall, whenever the price is reasonably competitive and the quality intended, purchase the recycled product. . . . All state agencies shall fully cooperate in implementing this policy. Iowa Code addresses purchasing paper and other recycled products. (Code I.C. §18.18)~~

- ~~E5.~~ Standard terms and conditions, contained on request for bids, quotations, and purchase orders, are intended to ensure that all the basic considerations relevant to the agreement are covered. For purposes of internal consistency all Regent institutions shall standardize general terms, conditions, and titles of procurement documents which are attached or affixed, including but not limited to exclusive agreements between parties, acceptance agreements between parties, acceptance conditions, guarantees and warranties, rights of inspection, termination, and listing of specific federal regulations.

8.06F Inspection and Testing

- A1. When practical and feasible, Regent institutions should test and evaluate all supplies, materials, and equipment.
- B2. Product association testing reports, independent research laboratories or governmental testing reports may be utilized in evaluation criteria.
- C3. An inspection of goods shall be performed at time of receipt and/or use.

8.07G Cooperative Purchasing

- A1. Regent institutions are encouraged to exchange price information, supplier lists, bidder histories, and standard specifications and to implement interinstitutional purchasing arrangements wherever practical and feasible so that maximum value can be obtained. (~~Board of Regents Minutes January 13-14, 1966, pp. 254-256; February 12-13, 1970, p. 309-311; October 21, 1992, p. 300; April 21, 1993, p. 716~~)

- B2. Regent institutions are encouraged to participate in interagency cooperative purchasing agreements. It is the Regents' intent that such cooperative purchasing continue to provide the lowest competitive price consistent with quality and service requirements of Regent institutions.
- G3. Regent institutions are encouraged to purchase from state central purchasing contracts if it is in the best interest of the institution.
- D4. State agencies, by prior agreement, may purchase items through Regent institutions providing that such purchases shall not jeopardize educational discounts accruing to Regent institutions.
- E5. Regent institutions are encouraged to participate in interinstitutional cooperatives with other universities, health care organizations, and similar affinity groups to gain better prices and choices.

8.08H Code of Ethics

Regent institutions shall adhere to the professional ethics embodied in the code of the National Association of Educational Buyers.

8.09I Review and Documentation

- A1. Prior to awarding a grant or purchase of service contract to a private agency, Regent institutions shall obtain from the auditor of state or the auditor's designee a certification stating that the grantee or contractor has an accounting system adequate to effect compliance with the terms and conditions of the grant or contract. The certification shall include an evaluation of internal controls in the accounting system to determine whether the system provides reliable information and promotes efficient operation of the agency. ~~(I.C. §11.36)~~

A private agency awarded a grant or purchase of service contract by or through the Governor or a state agency shall submit to the audit required by this section prior to the actual transfer of funds and shall pay for the audit under ~~I.C. Chapter 11, of the Code I.C.~~ The auditor of state may accept an audit report by an independent certified public accountant as evidence of adequacy. To the extent possible, the auditor of state shall use existing records on file in the auditor's office to make a determination of adequacy.

~~(Board of Regents Minutes October 18, 1995, p. 324)~~

- B2. An annual report on purchasing shall be submitted by each institution to the Board Office. A joint report shall be docketed for Board information ~~annually in November of each year. (Board of Regents Minutes May 21, 1981, pp. 835-836)~~
- C3. A report on purchases from Regent employees shall be submitted by each institution as part of the institution's annual purchasing report to the Board. ~~(Board of Regents Minutes October 18, 1995, p. 324)~~
- D4. Each Regent institution shall maintain a purchasing policy and procedure document.
- E5. Each Regent institution shall be custodian of its purchasing records, including but not limited to purchase requisitions, requests for quotations, purchase orders, vendor correspondence and related documents and shall maintain such records in accordance with applicable state law.

8.10J Surplus Property Disposal

- A1. Regent institutions will establish surplus property disposal procedures to insure items defined as surplus by departments are placed within the institution to the extent feasible.
- B2. After confirming requirements of original funding source, items declared surplus and not placed within the institution may be disposed of in one or more of the following ways:
- 1a. Use as a trade in;
 - 2b. Transfer to another Regent institution or state agency;
 - 3c. Sell to highest bidder after soliciting three or more bids;
 - 4d. Auction to the highest bidder;
 - 5e. Sell internally through surplus sales open to the public;
 - 6f. Dismantle for parts utilization; and
 - 7g. Scrap if no other value can be determined.
- ~~C3. See Section 7.11 of the Procedural Guide for disposal, transfer, or sale of buildings. (Board of Regents Minutes January 20, 1983, pp. 391-395)~~

8.11K ~~Moveable~~ Equipment Purchases

Definitions:

- A1. Moveable equipment is defined as any moveable property valued as per ~~section 7.10 C- this chapter~~ of this ~~Procedural Guide~~ Policy Manual which is identifiable, and is not a replacement part, and is of a use, size, and/or shape that permits the attachment of university inventory control number. ~~(Board of Regents Minutes July 19, 1995, p. 89)~~

~~Fixed equipment is defined as permanently affixed/installed furniture, fixtures and equipment. Examples include but are not limited to: elevators, kitchen cabinets, laboratory casework, building directories, library shelving, drinking fountains, signage, plumbing fixtures, building mechanical systems, fixed electronic equipment, and fixed theater or classroom seating, as well as other fixtures and equipment installed with the intent of permanent use in that location.~~

- ~~B2.~~ ~~Moveable eE~~ equipment purchases are subject to the following review procedure prior to the issuance of a purchase order or any other purchase commitment by the institution.
- ~~1a.~~ Equipment ~~with a unit cost costing~~ less than \$250,000 ~~or a total cost less than \$500,000,~~ will be purchased by the chief business officer of each institution, acting through the institutional purchasing agent, as outlined in Section ~~8-02B~~ of this ~~Procedural Guide~~ Policy Manual.
 - ~~2b.~~ Equipment ~~costing with a unit cost more greater~~ than \$250,000 ~~and or a total cost of \$500,000 to less than \$1,000,000~~ will be submitted to the Board Office for approval. The Executive Director will notify the Board of such actions ~~at least monthly~~. At the discretion of the Executive Director, the equipment purchase may be submitted to the Board for approval.
 - ~~3c.~~ Equipment costing more than \$1,000,000 will be submitted to the Board for approval, ~~as will all equipment purchases outlined in Section 8.04D of this Procedural Guide.~~
- ~~C3.~~ The Executive Director may approve emergency purchases which exceed \$1,000,000 to be followed by Board notification. ~~(Board of Regents Minutes, November 17, 1993, p. 405)~~ Emergency purchases are defined as in Section D6.
- ~~D4.~~ Any request submitted to the Board Office for approval pursuant to sections ~~B-22b.~~ and ~~B-32c.~~ of this policy will include the following information regarding the equipment to be purchased.
- ~~1a.~~ Description of the equipment.
 - ~~2b.~~ Justification of the need for the equipment.
 - ~~3c.~~ Any known alternatives to the equipment proposed.
 - ~~4d.~~ Estimated cost and source of funding.

~~(Board of Regents Minutes November 17, 1993, p. 405)~~