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## V-11.5 Competitive Bidding

View

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(Amended 12/11; 7/18)

Effective July 2018, this policy has been revised. For the most current version without redlining, return to [V-11.5](#).

- a. General. Competition within a free marketplace provides the best value for the consumer. By encouraging competition among viable vendors, the University strives to obtain goods and services at the best possible cost and quality. Negotiations for purchases, including requests for quotations of prices, must be accomplished through the Purchasing Department.

Purchases less than or equal to \$25,000 may be delegated to individual department purchasers. Purchases of goods and services between \$25,001 and \$50,000 per transaction, may be purchased through an informal competitive bid with an adequate number of vendors. Federally funded purchases must follow the Uniform Guidance policy. The state Code of Iowa, federal law, and the Board of Regents, State of Iowa, mandate competitive bidding for the purchase of all University goods and services greater than ~~\$25,000~~ \$50,000 in value.

Certain purchases involve terms or conditions that require legal or Business Manager review. These include acquisitions of copyright, transportation services, purchases involving a written contract with provisions requiring indemnification, insurance, or involving acceptance of liability risks by the University, installment purchases, lease purchases, or equipment with a unit cost greater than ~~\$1,000,000 \$250,000 or a total purchase cost of \$500,000 and greater~~. Typically, Contracts involving such terms or conditions are forwarded by the Purchasing Department to the University Business Manager and/or to the General Counsel's Office for review, as appropriate.

~~Regents were made exempt from this law.~~

The two most effective formal methods of competitive bidding are the Request for Quotation (RFQ) and the Request for Proposal (RFP). These methods provide:

- (1) Increased savings;

- (2) Exact communication of wants and needs;
- (3) Equal and fair access to all qualified vendors;
- (4) Compliance with University, Regent, state, and federal acquisition regulations and laws;
- (5) Improved information provided by vendors;
- (6) Objective evaluation for awards;
- (7) Services of an experienced purchasing professional; and
- (8) An established contract under which the vendor is legally obligated to perform.

- b. Request for Quotation (RFQ). The Request for Quotation is used for acquisitions based solely on cost. The University issues formal RFQs for all goods and services greater than ~~\$25,000~~ \$50,000 in value unless a sole-source justification is received and approved. (See V-11.9 Waiver of Bid Requirements.)

The Purchasing Agent routinely obtains several quotes, seeking the best price available. Purchasing Agents, in concert with the end users, develop specifications and send the RFQs to potential vendors. Vendors may then reply with a bid showing exact price, shipping costs, delivery schedule, payment terms, and other particulars of the items sought.

Purchasing makes the award to the vendor who submits the lowest priced offer whose goods meet or exceed the specifications stated in the RFQ. ~~There is no discounting or manipulation of prices for products that exceed the specifications.~~

~~Contact the Purchasing Agent if you have any questions or concerns about a bid, a chosen vendor, or a low-bid product or service. (See the Purchasing Policy and Procedure Guide, Appendix E, for a listing of Purchasing Department staff.)~~

- c. Request for Proposal (RFP). The Request for Proposal (RFP) is used for acquisitions based on other significant factors in addition to price. Examples include capabilities, past performance, support, service, warranty and maintenance. ~~It is difficult, if not impossible, to always place an exact dollar figure on the value of these characteristics and services.~~

~~The University uses a statistical assessment method as the standard for making awards based on many factors. The preparation of an RFP is an involved process, often taking weeks or months to generate a precise evaluation. Requesters should plan for this type of acquisition well in advance. The purchasing agent shall award the contract to the vendor whose proposal is in the best interest of the University.~~

- d. Negotiations. ~~The use of negotiated, noncompetitive, and sole-source purchasing procedures must be approved by the Purchasing Department.~~ With appropriate institutional review, both competitive negotiation and noncompetitive negotiation processes may replace written competitive bidding when the

purchase is anticipated to exceed ~~\$25,000~~ \$50,000. ~~The use of negotiated, noncompetitive, and sole-source purchasing procedures must be justified.~~