Policy Number 04.03.002

Allegany College of Maryland

PURCHASING & BIDDING THRESHOLDS POLICY

Adopted date: January 21, 2019
Approved by Board of Trustees:01/21/2019
Implementation Date: 01/21/2019
Revision Date: 11/20/2023
Type of Policy: Finance - Discretionary

BACKGROUND AND PURPOSE

Maryland COMAR and the annotated code of the Maryland Education article set procurement regulations and thresholds for purchases of goods, equipment, supplies, and building materials, etc. In 2019 many of the Maryland community colleges increased their threshold for small procurement purchases from $25,000 to $50,000 to mirror the change in Maryland State procurement law, which in turn increased the threshold that requires competitive bidding**.** In 2023, many of the Maryland community colleges increased their threshold from $50,000 to $100,000 to mirror house Bill 543 for small procurement that took effect October 01, 2023, and approved by the Governor, April 24, 2023.

POLICY

I. SCOPE OF THE POLICY

This policy applies to the purchase of anything over $10,000 including both goods and services which have not been included in the operating budget in the prior year.

II. POLICY STATEMENT

Small non-capital procurement of goods and services:

- All purchases must have documentation of the purchase price from the outside vendor
- Purchases over $10,000, but less than **$**100,000 require three (3) written quotes from vendors
- Purchases between $25,000 and $100,000 additionally require approval by the College President
- Purchases over $100,000 generally must be competitively bid and additionally require approval by the ACM (Allegany College of Maryland) Board of Trustees. *Any purchase over $100,000 that is a new purchase including new software or grant purchases, and that was not part of a prior operating budget or fund balance designation, will need to have special Board approval.*
- In cases of a sole source purchase, the Sole Source Justification Form must be completed and sent to Accounts Payable for review and approval (see below for additional information regarding Sole Source purchases)
- Purchases that are part of the normal annual operating budget approved by the Board each June will not need special Board approval.
- Large capital project procurement for goods and services: These contracts require approval by the ACM Board of Trustees and the Maryland Board of Public Works and must follow applicable State regulations pertaining to Maryland Community College Capital Improvement Projects

The College is not required to select the lowest quote or bid but will need to document the justification for selection of a vendor that is not the lowest bidder based on experience, qualifications, and other applicable criteria.

III. ADDITIONAL POLICY STATEMENT

Definition of Sole Source:

A sole source purchase means that only one supplier (source), to the best of the requestor's knowledge and belief, based upon thorough research (i.e. conducting a market survey), can deliver the required product or service. Similar types of goods and services may exist, but only one supplier, for reasons of expertise, and/or standardization, quality, compatibility with existing equipment, specifications, or availability, is the only source that is acceptable to meet a specific need.

Guidelines:

- A sole source purchase is a method of acquisition. It is not to be used to avoid competition.
- A sole source justification is required for any purchase over $10,000.
- Sole source justifications must be approved by Accounts Payable prior to an order being placed.
- Price cannot be used as a factor in determining if a sole source exists because it indicates the existence of a competitive marketplace.

Note: An item being a “sole brand,” or a “sole manufacturer” does not automatically qualify to be a “sole source.” Many manufacturers sell their products through distributors. Therefore, even if a purchase is identified as a valid “sole brand” or “sole manufacturer,” the requester should verify whether the manufacturer has multiple distributors. If the manufacturer does have multiple distributors, competition should be sought among the distributors.

Grant Funded Sole Source: In some limited circumstances, an item or service may be available from only one source. In that case, the documentation you provide along with the purchase order will be a “sole source justification” that explains what makes the provider in question unique. (The price quoted must still be reasonable for it to be charged to a federal grant award.) Sole source justifications should be the exception rather than the norm. In most situations, some cost comparison is possible, even if that involves comparing just two price quotes. As a general rule, three written quotes are needed. In situations where it is difficult to obtain three due to a lack of competition or a product/service that is highly specialized, two quotes are sufficient

IV. ADMINISTRATION OF POLICY

The policy will be administered and overseen by the Director of Fiscal Affairs and the Vice President of Finance & Administration.

V. CHANGES

Substantive changes to this policy require approval by the Board of Trustees; editorial changes, title/position

changes, and/or changes to its implementation procedures may be made as required by federal or state mandate and/or institutional need with timely notice to students and employees.