



DILLARD

UNIVERSITY

Business and Finance

CAPITAL EXPENDITURE
POLICY AND PROCEDURE FOR
MAJOR CONSTRUCTION PROJECTS

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CAPITAL EXPENDITURE POLICY & PROCEDURES FOR MAJOR CONSTRUCTION PROJECTS

Major Construction projects are those that exceed \$10,000 in proposed scope of work. Examples are capital expenditures for: new construction, building additions or renovations, roof replacement; infrastructure expenditures to the central plant for equipment expansion to chiller pumps, electrical switching gear, HVAC systems or the campus wide electrical loop; pipelines, sewer lines, drainage lines, fibre optic cable, data, and telephone lines; cell and radio towers, detention and retention ponds, campus safety and security infrastructure and related computer equipment; furniture, fixtures, machinery, equipment; integrated computer hardware and software control systems technology upgrades to buildings or grounds. Indeed, any significant improvement to Dillard's campus buildings and/or grounds would fall under the definition of major construction project. Purchase requisitions under \$10,000 should go through the normal purchasing processes.

I. POLICY

No major construction project is authorized to proceed without the written authorization of the President of Dillard University or her/his designated representative. This policy is necessary to ensure that the proposed expenditure of funds is in accordance with Dillard University's Board of Trustees' Approved Master Facilities Plan and Master Financing Plan.

II. PROCEDURES FOR OBTAINING AUTHORIZATION

Authorization to proceed may take various written forms depending on the category of work. However, written documentation to justify proceeding must assess the risk of proceeding or not proceeding, meaning assessing the project's inherent risks as well as assessing the risk involved with a 'failure to act,' and whether the scope of the project can be properly managed within Dillard's financial resources. Further, the method, process, and timeline for proceeding must be clearly spelled out. In all cases, this documentation must include an assessment of the project's internal controls and the identified sources of funds to complete the project. And, in all cases where contracts are involved, the Vice President for Legal Affairs must review the proposed contract before the President's signs.

Category of Work

Category I – Projects where the authorization to proceed has been properly documented and the scope of work is less than \$25,000: The process to proceed may be as simple as the President emailing his/her authorization to proceed to the designated Dillard representative. {See Exhibit A.}

- Category II – Projects where the authorization to proceed has been properly documented and the scope of work is over \$25,000 but under \$100,000: The process to proceed may include competitive bidding or RFPs/ RFQs; however, the President's approval to proceed must be in written memorandum. {See Exhibit B.}
- Category III - Projects where the authorization to proceed has been properly documented and the scope of work is over \$100,000 but under \$500,000: The process to proceed must include competitive bidding or RFPs/ RFQs, and the President's approval to proceed must be in written memorandum. {See Exhibit C.}
- Category IV - Projects where the authorization to proceed has been properly documented and the scope of work is over \$500,000 but under \$1,000,000: The process to proceed must include competitive bidding or RFPs/ RFQs; a presentation to the Senior Cabinet; and the President's approval to proceed must be in written memorandum. {See Exhibit D.}
- Category V - Projects where the authorization to proceed has been properly documented and the scope of work is over \$1,000,000: The process to proceed must include competitive bidding or RFPs/ RFQs; a presentation to the Senior Cabinet; a presentation to the Buildings and Grounds Committee of The Board of Trustees; and the President's approval to proceed must be in written memorandum. {See Exhibit E.}

III. FINANCIAL PLANNING AND PURCHASING

Financial Planning starts with the cash flow forecast/capital budget, which informs the President/ Board of Trustees that funds are available to start the project. The project must first be included on the "Sequence of Proposed Construction Projects" presented to the Buildings and Grounds Committee of The Board of Trustees for the project to move into the funding pipeline. If a properly signed contract has been entered into for the project to start, no purchase order is needed; the contract serves as the purchase order. However, when a purchase order is needed, a purchase requisition must first be submitted. The purchase requisition must contain the signatures of the requisitioning authorities; the signature of the HBCU Capital Financing Accountant if HBCU Capital Funds are to be used to acquire the capital asset. Before the project moves any further, documentation must reflect the purchase order number that was obtained from Business and Finance.

IV. TRANSPARENCY AND TRACKING

Major construction projects will be posted on the campus website to permit transparency and to allow all stakeholders to track the stage of completion that the project has reached. The website will state the name of the project, the proposed scope of work, the architect, the contractor, the percentage completed, and the expected date of project completion.

V. UNIVERSITY BIDDING PROCESS

A. Definition

Competitive bidding means allowing available vendors the opportunity to compete with each other to provide goods and/or services.

“Competitive bidding requires due advertisement, giving opportunity to bid, and contemplates a bidding on the same undertaking upon each of the same material items and services covered by the contract; upon the same thing. It requires that all bidders be placed upon the same plane of equality and that they each bid upon the same terms and conditions involved in all the items and services and parts of the contract, and that the proposal specify as to all bids the same, or substantially similar specifications.”

Sealed Bids will be used for contracts exceeding \$25,000 (but will not be limited to contracts exceeding \$25,000). The Purchasing department will solicit bids from vendors in response to the University's specifications and contractual terms and conditions. The returned, signed, and awarded bid and notice of contract award letter, signed by the Purchasing Manager, will form the contract between Dillard University and the successful bidder.

B. Purpose of Competitive Bidding

The first purpose of competitive bidding is to ensure that University funds are spent properly, legally and for University projects only, and that the best possible value is received.

The second purpose is to give those qualified and responsible vendors who desire to do business with Dillard University a fair and equitable opportunity to do so. Its purpose is to stimulate competition, prevent favoritism, and secure the best work and materials at the lowest practicable price for the best interest of the University.

C. Purchase Requisition

A purchase requisition, submitted to the Purchasing department and signed by the user department head, initiates the competitive bidding process. Descriptions and/or specifications should be attached to the requisition.

D. Bidding Notice

After the development of specifications and preparation of the Notice to Bidders, the Purchasing department will advertise the bid following these guidelines:

For material, supplies or equipment with no labor involved, a fourteen (14) day notice beginning the first day of advertisement with a minimum of two (2) advertisements in different weeks in a major medium.

For any project involving labor (work), a twenty-one (21) day notice beginning the first day of advertisement with a minimum of three (2) advertisements in different weeks of a major medium.

The notice must include:

- The description of the item to be purchased or the service to be provided or a statement of where the specifications may be obtained;
- The time and place for receiving and opening bids and the name and position of the University official or employee to whom the bids are to be sent;
- The type of bond required by the bidder.

Fourteen days from the first day of advertisement shall be allowed for the procurement of materials, supplies and/or equipment.

Twenty-one days from the day of advertisement shall be allowed for any projects that require work, such renovations or construction.

E. Addendum

The bid opening date on the Notice to Bidders may be extended if an error is discovered, or the nature of the goods and services requires an extension. The Purchasing department may amend specifications to clarify the original intent or to correct clerical errors if inquiries about the meaning of the specifications indicate the need for such an amendment; if the changes are so insignificant that they are not likely to matter to the vendor in determining price or ability to respond, if there is no change to the quantity, or delivery requirements; and if the amendment does not change the scope of the specifications. There must be at least five (5) days between the date of the amendment and the opening date specified in the notice.

F. Receipt of Bids

The following procedures will be adhered to when receiving bids:

- All bids will be received in the Office of Business and Finance department.
- All bids will be stamped with the time and date received. The date stamp clock at the Office of Business and Finance Reception Desk will serve as the official time clock for the purpose of identifying the date and time bids were received in the Purchasing department.

- **No bids will be received after the opening time on the day of bid opening.** All bids received after the opening time will be returned unopened to the bidder with a letter from the Purchasing Manager notifying the bidder that the submitted bid was received after the due date and time.
- After bids are received, a secure place will be provided in the Purchasing department for holding of the bids until the bid opening date. The bids are to be received sealed and shall remain sealed until opened on the advertised date and time by the Purchasing department in a public forum.
- In the event a sealed bid is opened inadvertently, another Purchasing department employee will witness that the details of the bid, especially the price, were not reviewed and the bid was sealed again immediately, and the occasion documented.

The above process should be undertaken in a manner that will preclude any notion of favoritism, revealing bid prices or information. Having sealed bids publicly received and read should inhibit any perception that the Purchasing department is manipulating the receiving of bids.

G. Public Opening of Bids

Sealed bids will be opened publicly by the Purchasing department and will be documented.

The Purchasing department will open the bids on the date, time and place specified in the notice.

H. Evaluation of Bids

The Purchasing department will evaluate all bids, with the assistance from the user department, and a recommendation about the most responsive, best bid will be made to Vice President of Business and Finance. The Purchasing department will evaluate bids based on criteria stated in the bid/proposal document :

The Purchasing department will submit tabulation, evaluation, and award recommendations to Vice President of Business and Finance for award. When the lowest priced bid is not the best bid, clear justification for not selecting the lowest bid must be documented to the Vice President of Business and Finance.

Vice President of Business and Finance will either approve the recommendation or reject all bids and authorize the Purchasing Manager to re-bid the goods and/or services.

I. Contract Award

The Purchasing Manager shall recommend contract award to the Vice President of Business and Finance. The Vice President of Business and Finance shall:

- Award the contract to the responsible bidder(s) who submits the most responsive and best bid; or
- Reject all bids and publish a new notice.

If two responsible bidders submit the most responsive and best bid, the Vice President of Business and Finance shall decide between the two.

J. Contract Administration

The user department will be responsible for monitoring and documenting contractor performance/compliance. All documentation of non-compliance must be shared with Purchasing. If, after clarification, the vendor complies with expected performance standards, Purchasing will require no further documentation. If poor performance or non-compliance with the contract is evidenced, Purchasing will be responsible to initiate corrective action with the vendor.

The Purchasing department will take necessary steps related to obtaining compliance with the contract before taking any steps toward suspension or termination of the contract.

K. Re-bidding of Annual Contracts

The Purchasing department monitors the expiration dates of all contracts. Purchasing will contact user departments to determine if annual contracts need re-bidding or renewal. The user department will advise Purchasing of any additions, deletions, or corrections.

EXHIBIT A.
CATEGORY I Construction Project is less than \$25,000.

YEAR I - _____
Project #

Name of Proposed Major Construction Project:

Project's Description/Project's Proposed Scope of Work:

Risk Assessment:

Internal Control Assessment Checklist:

a. Method of Proceeding: Purchase Order # _____ or Contract _____.
If Contract, specify the recommended type of AIA Contract _____.

b. Check President's Approval and Date of Approval: _____.
(See attached email/memorandum) dated: _____ and/or attached contract.

c. Indicate Timeline: Project's Estimated Start Date _____ & End Date _____.

d. Project's Estimated Cost: \$ _____.

e. Source(s) of Funds identified to complete project are, namely:

\$ _____ From Private Gifts/Grants
\$ _____ From State or Federal Grants
\$ _____ From Insurance
\$ _____ From FEMA
\$ _____ From HBCU Capital Financing Loan

f. Senior Cabinet Presentation done: Yes or No? _____ Date Done: _____.

g. Board Presentation to Buildings & Grounds Committee done: Yes or No? _____.
Date of Presentation: _____ Trustees' Comments: _____.

h. Project Posted to Campus Website for Transparency & Tracking _____.

EXHIBIT B.
CATEGORY II Construction Project is over \$25,000 but less than \$100,000.

YEAR II -
Project #

Name of Proposed Major Construction Project:

Project's Description/Project's Proposed Scope of Work:

Risk Assessment:

Internal Control Assessment Checklist:

a. Method of Proceeding: Purchase Order # _____ or Contract _____.
If Contract, specify the recommended type of AIA Contract _____.

b. Check President's Approval and Date of Approval: _____.
(See attached email/memorandum) dated: _____ and/or attached contract.

c. Indicate Timeline: Project's Estimated Start Date _____ & End Date _____.

d. Project's Estimated Cost: \$ _____.

e. Source(s) of Funds identified to complete project are, namely:

\$ _____ From Private Gifts/Grants
\$ _____ From State or Federal Grants
\$ _____ From Insurance
\$ _____ From FEMA
\$ _____ From HBCU Capital Financing Loan

f. Senior Cabinet Presentation done: Yes or No? _____ Date Done: _____.

g. Board Presentation to Buildings & Grounds Committee done: Yes or No? _____.
Date of Presentation: _____ Trustees' Comments: _____.

h. Project Posted to Campus Website for Transparency & Tracking _____.

EXHIBIT C.
CATEGORY III Construction Project less than \$100,000 but under \$500,000.

YEAR III -
Project #

Name of Proposed Major Construction Project:

Project's Description/Project's Proposed Scope of Work:

Risk Assessment:

Internal Control Assessment Checklist:

a. Method of Proceeding: Purchase Order # _____ or Contract _____.
If Contract, specify the recommended type of AIA Contract _____.

b. Check President's Approval and Date of Approval: _____
(See attached email/memorandum) dated: _____ and/or attached contract.

c. Indicate Timeline: Project's Estimated Start Date _____ & End Date _____.

d. Project's Estimated Cost: \$ _____.

e. Source(s) of Funds identified to complete project are, namely:

\$ _____ From Private Gifts/Grants
\$ _____ From State or Federal Grants
\$ _____ From Insurance
\$ _____ From FEMA
\$ _____ From HBCU Capital Financing Loan

f. Senior Cabinet Presentation done: Yes or No? _____ Date Done: _____.

g. Board Presentation to Buildings & Grounds Committee done: Yes or No? _____
Date of Presentation: _____ Trustees' Comments: _____.

h. Project Posted to Campus Website for Transparency & Tracking _____.

EXHIBIT D.

CATEGORY IV Construction Project is over \$500,000 but less than \$1,000,000.

YEAR

IV -
Project #

Name of Proposed Major Construction Project:

Project's Description/Project's Proposed Scope of Work:

Risk Assessment:

Internal Control Assessment Checklist:

a. Method of Proceeding: Purchase Order # _____ or Contract _____.
If Contract, specify the recommended type of AIA Contract _____.

b. Check President's Approval and Date of Approval: _____.
(See attached email/memorandum) dated: _____ and/or attached contract.

c. Indicate Timeline: Project's Estimated Start Date _____ & End Date _____.

d. Project's Estimated Cost: \$ _____.

e. Source(s) of Funds identified to complete project are, namely:

\$ _____ From Private Gifts/Grants
\$ _____ From State or Federal Grants
\$ _____ From Insurance
\$ _____ From FEMA
\$ _____ From HBCU Capital Financing Loan

f. Senior Cabinet Presentation done: Yes or No? _____ Date Done: _____.

g. Board Presentation to Buildings & Grounds Committee done: Yes or No? _____.
Date of Presentation: _____ Trustees' Comments: _____.

h. Project Posted to Campus Website for Transparency & Tracking _____.

EXHIBIT E.
CATEGORY V Construction Project exceeds \$1,000,000.

YEAR _____ V - _____
Project # _____

Name of Proposed Major Construction Project:

Project's Description/Project's Proposed Scope of Work:

Risk Assessment:

Internal Control Assessment Checklist:

a. Method of Proceeding: Purchase Order # _____ or Contract _____.
If Contract, specify the recommended type of AIA Contract _____.

b. Check President's Approval and Date of Approval: _____
(See attached email/memorandum) dated: _____ and/or attached contract.

c. Indicate Timeline: Project's Estimated Start Date _____ & End Date _____.

d. Project's Estimated Cost: \$ _____.

e. Source(s) of Funds identified to complete project are, namely:

\$ _____ From Private Gifts/Grants
\$ _____ From State or Federal Grants
\$ _____ From Insurance
\$ _____ From FEMA
\$ _____ From HBCU Capital Financing Loan

f. Senior Cabinet Presentation done: Yes or No? _____ Date Done: _____.

g. Board Presentation to Buildings & Grounds Committee done: Yes or No? _____
Date of Presentation: _____ Trustees' Comments: _____.

h. Project Posted to Campus Website for Transparency & Tracking _____.

ILLUSTRATIONS OF PRESIDENT'S APPROVAL OF PROJECT

Email Notification of Approval (Exhibit A Category I projects)

I have reviewed your document Exhibit "A" received by me on (date received inserted). I have found the documentation for capital project # _____, the project named _____, to be in proper order and its scope of work justified. I authorize you to proceed with that project.

President _____ Date _____.

Memorandum Notification Senior Cabinet Involvement (Exhibit B or C - Categories II & III projects):

To: _____

Fr: President

Date:

Re: Major Construction Project # _____ Titled: _____

You are authorized to prepare a presentation for the Senior Cabinet regarding this major construction project. Also, you are to begin the process of involving the Vice President of Legal Affairs in contract negotiations and the drafting of a contract pertaining to this project. My authorization to proceed will be final when the contract has been prepared, reviewed by appropriate parties (including the VP for Business and Finance), and finally signed by me. You are authorized to proceed with this project only when that contract has been signed by me.

President _____ Date _____.

Memorandum Notification Board of Trustees Involvement: (Exhibits D & E - Categories IV or V Major Construction Projects)

To: _____

Fr: President

Date:

Re: Major Construction Project # _____ Titled: _____

You have presented the aforementioned project to the Senior Cabinet; now, you are authorized to prepare a presentation to the Buildings and Grounds Committee of The Board of Trustees regarding this major construction project. Also, you should continue to involve the Vice President of Legal Affairs in contract negotiations and in the drafting of a contract pertaining to this project. My authorization to proceed will be final when the contract has been prepared, reviewed by appropriate parties, the funding sources authorized by the Vice President for Business and Finance, and finally the contract signed by me. You are authorized to proceed with this project only when that contract has been signed by me.

President _____

Date _____.

Sample Letter to Responders to RFPs/RFQs:

Thank you for responding to Dillard University's RFP/RFQ dated _____. We have reviewed all submissions and have reached a decision based upon the criteria mentioned in the RFP/RFQ.

Your firm has met that criteria and has been selected. You are to contact _____ immediately to implement the next steps.

(Or Your firm has met most of the criteria but did not compare as favorably to the firm Dillard has selected. We will keep your firm's name on our invited listing and look forward to a more favorable response to your firm's future submittals to our RFPs/RFQs.)

Sincerely,

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