



THE CALIFORNIA
Wellness
FOUNDATION

Vendor/Supplier Policy

PURPOSE

This policy establishes policy statements, guidelines and procedures to effectively manage Cal Wellness' purchasing process. It establishes procedures and practices that fully leverage the Foundation's purchasing power, reflect good business practices, promote efficient allocation of resources, drive alignment with the Foundation's mission and values and outline specific responsibility and authority of staff.

GENERAL GUIDELINES

Authorized staff are empowered to purchase products and services from external suppliers on behalf of the Foundation. With delegated authority comes responsibility for ensuring that their procurement-related duties are executed in an efficient, effective, professional and ethical manner. Authorized staff are accountable for ensuring that their purchase activity is accurate, necessary and in accordance with Foundation policies.

AUTHORITY LEVEL

The following table outlines the purchasing documents and the final approvers for each document. Each approval level requires approvals from each of the lower levels.

Documents	Final Approver
Contracts & Purchase Requisitions up to \$5,000	Director
Contracts & Purchase Requisitions \$5,001 to \$10,000	Vice President or EMC member
Contracts & Purchase Requisitions \$10,001 to \$25,000	CFO or VP of Operations
Contracts & Purchase Requisitions over \$25,001	President and CEO
Engagement of Auditors, General Legal Counsel and Investment Advisors	Board of Directors

Credit Card Purchases: Credit card purchases should be limited to travel, meals, conference registration and incidental individual supplies (cost under \$500) purchased online. The only staff authorized to purchase general offices supplies, furniture or equipment via a credit card are the Office Services Coordinators, Director of IT and the V.P. of Operations or his/her designate.



BOARD OVERSIGHT

The Board of Directors, through their committee structure is responsible for three major vendor relationships:

- ✓ General legal counsel – Executive Committee (note: staff has the authority to retain specialist legal counsel such as labor and real estate attorneys)
- ✓ Investment Advisors and Investment Managers – Finance/Investment Committee
- ✓ Auditor – Audit Committee

These relationships are reviewed at the discretion of the specific oversight committee, but generally relationships will be assessed every 5-7 years.

CONFLICT OF INTEREST

In accordance with best practices for transparency and accountability as well as to comply with IRS regulations prohibiting self-dealing, Cal Wellness staff who act on behalf of the Foundation have an obligation to avoid activities or situations that may result in a conflict of interest or the appearance of a conflict of interest.

Financial Interest: Staff or their family members may not have a financial or personal interest in any suppliers of goods or services to the Foundation.

Gifts: As a general rule, staff members may not accept or offer any gift or anything else of significant value for the purpose of influencing the action of the Foundation or the recipient. Gifts (except those generally valued at \$50 or less) received from vendors, suppliers, consultants or grantees as a part of normal business practice must be given to the Foundation or shared with the Foundation generally. Meals and social invitations that are valued at \$50 or less and are in keeping with good business ethics and do not obligate the recipient may be accepted.

Please refer to the [Conflict of Interest Policy](#).

VENDOR SELECTION AND QUALIFICATIONS

Vendor selection should be based on industry best practices, our values of stewardship, accountability and equity and our commitment to diversity, equity and inclusion. When selecting a vendor, consider the following criteria:

- ✓ Ability to supply quality goods or services on a timely basis
- ✓ Competitive costs
- ✓ Past performance
- ✓ Reputation
- ✓ Commitment to diversity, equity and inclusion
- ✓ Alignment with Cal Wellness' mission and values



DIVERSITY, EQUITY AND INCLUSION

As a Foundation committed to health equity, Cal Wellness recognizes the importance of identifying and working with diverse vendors as we stay committed to our values of diversity, equity and inclusion. In addition, numerous studies provide persuasive evidence that diverse teams are more innovative and provide better business value (several studies cited in *Harvard Business Review: Why Diverse Teams are Smarter*, November 4, 2016). As such, we have taken this opportunity to integrate Cal Wellness' commitment to diversity, equity and inclusion into our vendor/supplier selection and retention process.

The objective of our vendor policy is to provide a fair and equitable process by which diverse businesses are able to compete on the basis of their service delivery and pricing. We encourage and solicit the participation of diverse vendors in all contracting opportunities and we are committed to making an extra effort to include diverse suppliers in our searches. It is our belief that inclusion of these businesses will improve the economic stability and vitality of the Foundation's operations.

Prospective and current vendors will be asked to complete a questionnaire including the diversity status of the organization's board and staff as well as questions on general diversity practices or policies. Diversity status will be evaluated on the following classifications:

- ✓ Minority-owned (based on race/ethnicity)
- ✓ Woman-owned
- ✓ LGBT+-owned
- ✓ Disabled-owned
- ✓ Veteran-owned

The Foundation may consider utilizing a cloud-based supplier diversity solution (e.g., ConnXus, a holding in one of the Foundation's MRI private investment funds, the Impact America Fund). Otherwise, if managed internally, the data will be maintained in the Foundation's constituent relationship management (CRM) system and updated periodically.

DEI data will be reported annually and used as follows:

- ✓ To inform the vendor selection process
- ✓ To assess progress in achieving DEI goals

COMPETITIVE BID GUIDELINES

Competitive bids are recommended for purchases of goods or services over \$10,000. When competitive bids are obtained, staff should make every effort to "cast a wide net" to ensure minority-owned, women-owned, LGBT+-owned, disabled-owned, veteran-owned and small businesses have an opportunity to respond. For purchases of goods or services under



\$10,000, DEI criteria should be factored into the purchasing decision on a “best efforts” basis.

Purchases/Annual Volume Under \$10,000: Goods or services totaling less than \$10,000 may be purchased via a Purchase Request based on a “best efforts” basis.

Purchases/Annual Volume Between \$10,001 to \$75,000: For purchases of goods or services between \$10,001 to \$75,000, best practice is to obtain a minimum of three telephonic or electronic quotes.

Purchases/Annual Volume over \$75,001: When a purchase exceeds \$75,000, and for the retention of general legal counsel, auditing firm or investment advisor, best practice is to distribute a Request for Proposal and obtain responses from a minimum of three vendors.

Continued engagement of major suppliers should be based on the quality of goods or services provided. Management and the Board have the option of initiating an RFP process at any time. And while the Foundation has not instituted a mandatory RFP cycle, we recommend that all relationships be re-evaluated on an informal basis annually with a more formal review or RFP process every 5 to 7 years. Also see [RFP Guidelines \(TBD\)](#).

Sole or Selected Source Purchases: Given the nature of the Foundation’s work, there may be times when a particular good or service can only be obtained from one vendor. Examples of sole source vendors include:

- ✓ Only one supplier is capable of providing the required goods or service.
- ✓ Only a particular “brand” is compatible with existing goods or services.
- ✓ An emergency condition exists.
- ✓ Additional goods or services will be purchased from an existing supplier.

In such an instance, the responsible staff person should be prepared to justify why a sole source vendor is indicated and why the recommended competitive bid process was not followed.

VENDOR APPROVAL PROCESS

New vendors are approved by the Finance department in accordance with the Foundation’s [Purchasing Procedures](#).

