



**PROCEDURE NUMBER: AC007**

**REVIEWED: JUNE 18, 2012**

## **PURCHASING POLICY**

This policy applies to the purchase of materials, equipment, supplies, and services paid from Corporation-administered funding sources. All project purchases must be in compliance with Corporation purchasing policy. These purchasing procedures meet project purchasing needs, which satisfy the requirements of federal, state, and independent auditors. Travel and the retention of artists, entertainers, lecturers, caterers and speakers are not subject to the provisions of this policy. Purchases of real estate are not subject to this Purchasing Policy. The University Corporation Real Estate Fund governs purchases of real estate.

### **POLICY, REGULATIONS AND GUIDELINES**

All purchase orders must be approved by the Corporation prior to order commitment. Accordingly; a Purchase Order Request form must be submitted to the Corporation prior to making purchases within the guidelines of this policy.

#### **A. Policy Provisions**

1. Purchases shall be made in a manner that supports and facilitates the competitive bidding process and at the lowest cost consistent with quality, specifications, service and product availability.
2. Purchases shall follow what is customary in the market place for a particular commodity or product and be consummated in such a manner so as to constitute a reasonably prudent, documented business transaction.
3. Fitness and quality being equal, recycled products shall be considered for procurement whenever such products are available at no more than the total cost of their non-recycled counterparts.
4. Sponsored Programs purchases must also comply with the requirements set forth in the grant or contract agreement. Purchases of equipment shall have prior written authorization or approval from the funding sponsor, if required by the agreement.
5. Volume or pool purchases, annual purchase agreements and State-purchasing contracts shall be utilized when deemed to be advantageous to the Corporation.
6. No Corporation Board member, Corporation employee, or CSU employee by virtue of their position, will personally derive any benefit or gain, or receive preferential treatment from the purchase of materials, equipment, supplies or services.

7. Authorized account signers failing to follow Corporation purchasing policy and procedures may incur personal liability or financial obligation with the vendor.

**B. Regulations & guidelines for purchase of materials, equipment, supplies, and services.**

For the purposes of this purchasing policy, the total cost on a purchase order includes tax and freight.

1. **Purchases under \$10,000** – The Corporation does not require a purchase order. If a vendor requires a purchase order, the Corporation will prepare a purchase order based on the purchase order request and price quotation obtained from the vendor. Obtaining three quotes in order to get the lowest cost is encouraged, but not required.
2. **Purchases of \$10,000 to \$15,000** – Authorized signer is required to submit a Purchase Order Request form with three price quotations attached. The price quotations can be either by telephone or in writing and must be attached to the Purchase Order Request.
3. **Purchases of \$15,001 to \$75,000** – Authorized signer is required to submit a Purchase Order Request form with minimum of three price quotations. The price quotations must be in writing.
4. **Purchases over \$75,000** – Authorized signer is required to submit a Purchase Order Request form and attach a minimum of three formal bids from providers based on written specifications, which recognize competitive pricing, responsiveness to specifications, and reputation of vendors. Bid requests should include the following information:
  - a) A clear, concise description of the materials or equipment being purchased, to ensure a minimum amount of interpretation by the bidder.
  - b) Clearly defined delivery terms and conditions.
  - c) The method or formula for determining the lowest bidder meeting specifications.
  - d) A reasonable amount of time for bidders to prepare and submit their bid response prior to the bid due date.
  - e) The closing date and exact time of opening of sealed bids.
  - f) Notification that bids received after the closing date and time will not be considered.

If, after reasonable effort, three bids cannot be obtained, a sole source justification will be required. Additionally, requisitions that limit the bidding to one source and/or brand or trade name must include a written justification, approved by the Corporation Executive Director, explaining why the product specified is necessary for the successful completion of the requesting department's functions. The justification should include the following:

- a) The unique performance factors of the product specified.
- b) Why these factors are required.
- c) What other products have been evaluated, rejected, and why.

A copy of the justification should be filed with the purchase order or contract for audit purposes.

5. **Low Bid Exceptions.** The University Corporation is not required to award to the vendor with the lowest quote/bid. The Corporation can select on criteria determined to be in the best interest of the project. If other than the lowest bid is selected, a justification must be attached to the Purchase Order Request.
6. **Sole Source Purchases** on a non-competitive basis will require written justification and approval for purchase orders greater than \$10,000. The Corporation Executive Director or Chief Financial Officer must sign the justification prior to the execution of the purchase order. The sole source written justification should include:
  - a) Unique performance factors of the products specified.
  - b) Why these factors are required.
  - c) What other products have been evaluated and rejected, and why.
  - d) Special circumstances requiring immediate action.

#### C. BLANKET, VOLUME AND ANNUAL PURCHASE AGREEMENTS

Blanket/volume/annual purchase agreements that will result in an advantage to the Corporation will be utilized whenever possible. The Corporation will utilize State Purchasing contracts whenever possible to the Corporation's advantage.

#### D. Exceptions to Bidding Requirements

1. *Foodstuffs and seasonal commodities.* The purchase of foodstuffs and seasonal commodities shall be made upon the basis of quotations from several reliable and convenient sources of supply. Awards shall be made on terms most advantageous to the Corporation based on quality, brand, price, service, and delivery.
2. *Bookstore supplies and textbooks.* The purchase of textbooks, certain technical material and resale merchandise shall be made upon the basis of several reliable and convenient sources of supply. Awards shall be made on terms most advantageous to the Corporation based on quality, price, service, and delivery.
3. Retention of service contractors on an hourly time and material basis.

#### E. Purchases from Sponsored Programs, Grant or Contracts

Purchases made from Sponsored Programs, Grants or Contracts funds may be made only during the term of the grant or contract or during an approved extension or renewal. The authorized signer should anticipate purchase requirements far enough in advance so that the purchasing process can be completed, the service rendered, and the invoice received prior to expiration of the award. Purchase orders are generally issued within two to three working days. Purchases made for Sponsored Programs will comply with all related OMB Circulars, A21, A110 & A133.

**F. Capitalization**

Effective July 1, 2004, capital purchases with a cost greater than \$5,000 and a normal useful life of at least one year will be capitalized and depreciated over the economic life of the asset. Prior to July 1, 2004, the amount was \$1,500. A capital purchase is defined as a tangible piece of property with an acquisition cost greater than \$5,000 and useful life of one year or greater.

**G. Title IX - Education Amendment of 1972**

Under Title IX, sexual discrimination may not lawfully exist in policies, procedures or activities of the Corporation. The Corporation subscribes to the Title IX policy and in recognition of this commitment assumes the following responsibility: Every Corporation official doing business with an off-campus vendor, organization, agency, contractor or person will, when practical, inform the vendor, etc., that as a condition of doing business with the Corporation, the vendor, etc., cannot subscribe to sexual discrimination in any manner.

The image shows two handwritten signatures in black ink. The signature on the left is a large, stylized 'R' with the name 'Rick' written in smaller letters across it. The signature on the right is a more complex, cursive signature that appears to be 'Evans'.

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Rick Evans, Executive Director

*Approved by The University Corporation Board of Directors, 12.15.04*  
*Revised 09.30.09*  
*Revised 05.20.10*