



**PROCEDURE NUMBER: AC007**

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Rick Evans, Executive Director

## **PURCHASING POLICY**

This policy applies to the purchase of materials, equipment, supplies, and services paid from Corporation-administered funding sources to non-CSUN vendors. All project purchases must follow 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.

The Purchasing Card (P-Card) is a tool designed to complement The University Corporation's (TUC) purchasing and payables process and is used to make purchases for goods required to conduct TUC's official business. The card allows users to obtain certain items faster and easier. Issuance of a P-Card is a privilege, and every reasonable effort must be made to ensure that funds are used responsibly and in a manner consistent with TUC's and the University's mission, applicable laws, and ethical practices. The card CANNOT be used for personal expenditures, campus related purchases, or to circumvent purchasing and procurement policy.

## **PURCHASING 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 marketplace 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.
8. Purchases must comply with the AC029 Hospitality Policy

**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. Purchases are separated by Federal Threshold (Micro-purchases, Small purchases, Purchases which exceed the Simplified Acquisition Threshold), Procurement amount, and either IT Goods/Services or non-IT related Goods/Services. Regarding the small business or disabled veteran business enterprise option: A contract for goods, services, or information technology with value less than \$250,000 can be awarded to a certified small business or disabled veteran business enterprise without advertising as long as the campus obtains price quotations from two or more certified small businesses, or two or more disabled veteran business enterprises as referenced in Government Code Section 14838.5.

See table below for guidelines and thresholds:

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Federal Threshold	Procurement for:	Goods/Services	IT Resources Goods/Services
Micro-Purchase	<=\$10,000	Competition not required; informal solicitation recommended	
Small Purchase (under Simplified Acquisition Threshold)*	\$10,001-\$49,999	Small Business/Disabled Veteran Business Enterprise Option OR Two (2) or more informal quotes	
	\$50,000-\$100,000	Small Business/Disabled Veteran Business Enterprise Option OR Three (3) or more informal quotes	Small Business/Disabled Veteran Business Enterprise Option OR Three (3) informal quotes
	\$100,001-\$250,000	Small Business/Disabled Veteran Business Enterprise Option OR Formal Solicitation	
>SA Threshold*	>\$250,000	Formal Solicitation	

*\*Sole Source Purchases Greater than \$10,000 will require written justification and approval.*

For Goods/Services Purchases:

1. **Micro-Purchases Up to \$10,000**

Micro-Purchases include purchases that do not exceed \$10,000 and can be made without solicitation of competitive quotes if the price is considered reasonable. A cost is considered reasonable if it does not exceed what a prudent person would pay at the time the cost was incurred. The Corporation does not require a purchase order. If a vendor requires a purchase order, 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. **Small Purchases \$10,001-\$250,000**

Small purchases are above the micro-purchase threshold and do not exceed \$250,000. Price or rate quotes **must** be obtained from at least two or three qualified sources as specified by threshold. Price or rate quotes may include, but are not limited to advertisements, emails, internet pricing, letters, phone calls, in person, etc.

**\$10,001 to \$49,999** – An authorized signer is required to submit a Purchase Order Request form with either a Small Business/Disabled Veteran Enterprise Option or at least two price quotations attached. The price quotations can be by telephone or in writing and must be attached to the Purchase Order Request.

**\$50,000 to \$100,000** – An authorized signer is required to submit a Purchase Order Request form with either a Small Business/Disabled Veteran Enterprise Option or at least three price quotations.

**\$100,001-\$250,000** – The requirements differ between IT goods/services and other goods/services. For non-IT goods/services, an authorized signer is required to submit a Purchase Order Request form and attach either a Small Business/Disabled Veteran Enterprise Option or a formal solicitation. Formal solicitations should comply with requirements for formal solicitation of goods, as applicable, per the CSU Procurement Policy. For IT goods/services, authorized signer is required to submit a Purchase Order Request form with either a Small Business/Disabled Veteran Enterprise Option or at least three price quotations.

3. **>\$250,000 Exceeds the Simplified Acquisition Threshold (SAT)**

**Formal procurement methods.** When the value of the procurement for property or services exceeds the SAT, formal procurement methods are required. Formal procurement methods require documented procedures and can include sealed bids/proposals/non-competitive procurement (see code of Federal Regulations: Methods of procurement ). Formal solicitations should comply with requirements for formal solicitation of goods, as applicable, per the CSU Procurement Policy.

### **Procurement by sealed bids**

Sealed bids are formally advertised, publicly solicited, firmly fixed amount contracts. The sealed bid method is the preferred method for procuring construction. Bid requests should include:

- Clear, concise description of the materials or equipment being purchased, to ensure a minimum amount of interpretation by the bidder
- Two or more bidders willing and able to compete for the contract
- Clearly defined delivery terms and conditions
- Method or formula for determining the lowest bidder meeting specifications
- Publicly advertised invitation for bids and solicited from at least two known vendors
- Reasonable amount of time for bidders to prepare and submit their bid response prior to the bid due date
- All bids will be opened publicly at the time and place prescribed in the invitation for bids
- Closing date and exact time of opening of sealed bids
- A firm fixed price contract award will be made in writing to the lowest qualified bidder. Factors such as discounts, transportation costs and life cycle costs must be considered in determining which bid is lowest.
- Any or all bids may be rejected if there is a sound documented reason

Prior to receiving bids or proposals, a cost/price analysis must be made that includes independent estimates. Bids are awarded to the lowest bidder that conforms to the material terms and conditions of the solicitation.

### **Procurement by competitive proposals**

When conditions for sealed bids are not appropriate, competitive proposals are generally used. Either a fixed cost amount or cost reimbursement type of contract is awarded. Independent estimates must be made prior to receiving bids or proposals.

### **Formal Solicitation for Services**

Although each formal solicitation for services for amounts over \$250,000 must attempt to secure at least three competitive bids or proposals, three competitive bids or proposals are not required in these instances:

- In cases of emergency where a contract is necessary for the immediate preservation of public health, welfare, or safety, or protection of state property.
- When the contract has been advertised and has solicited all known potential contractors but has received less than three bids or proposals.
- The contract is with another state agency, a local governmental entity, or an auxiliary organization of the CSU. These contracts, however, may not be used to circumvent the competitive bidding requirements of this policy.

Any solicitation that has received less than three bids or proposals shall document the firms or individuals it solicited for bids or proposals.

**4. Sole Source Purchases/Justification**

If after reasonable effort three bids cannot be obtained, a sole source written justification will be required. *Sole Source Purchases on a non-competitive basis will require written justification and approval for purchase orders greater than \$10,000.* Additionally, requisitions that limit the bidding to one source and/or brand or trade name must include a written justification signed prior to the execution of the purchase order, approved by the Corporation Executive Director or his/her designee, explaining why the product specified is necessary for the successful completion of the requesting department's functions. The sole source written justification should include the following:

- The unique performance factors of the product specified
- Why these factors are required
- What other products have been evaluated, rejected, and why
- Special circumstances requiring immediate action

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

**C. Bid Exceptions**

**Low Bid Exceptions.** The University Corporation is not required to award 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.

**Exceptions to Bidding Requirements**

- *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.
- *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.

**D. Retention of service contractors on an hourly time and material basis. 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.

**E. Purchases from Sponsored Programs and Externally Funded Grants or Contracts**

Purchases made from Sponsored Programs and externally funded grant, or contract 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 Uniform Guidance and Office of Management & Budget (OMB) Circulars.

**F. Capitalization**

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. Capital purchases with a cost greater than \$5,000 on TUC's general operating funds and a normal useful life of at least one year will be capitalized and depreciated over the economic life of the asset.

**G. Sustainability/Single Use Plastics**

Purchase preference shall be given to reusable products, followed by locally compostable and/or recyclable products. Purchases of plastic water bottles, plastic straws, plastic bags, polystyrene (e.g., STYROFOAM) should be eliminated to the maximum extent economically feasible. In an effort to comply with the CSU Single Use Plastics Policy and CSUN's goal to eliminate single-use plastic bottles by January 1, 2023, the purchase of single use water bottles shall be replaced with the purchase of alternate aluminum cans or reusable alternatives.

**H. Procurement of Hazardous Materials**

Procurement of Hazardous Materials will follow Campus policy: all chemicals intended for laboratory use must be purchased in accordance with the campus Chemical Hygiene Program and entered in the campus Chemical Inventory. This includes research and teaching labs. Subject to the hazardous materials requirements, only a Purchase Order should be used for these purchases. See the P-Card Program Manual regarding restricted purchases.

See CSU Contracts and Procurement Policy

California Code of Regulations, Title 8, Section 5191. Occupational Exposure to Hazardous Chemicals in Laboratories regulation.

**I. Gene Synthesis Equipment or Gene Synthesis Products**

Any purchase of Gene Synthesis products or equipment would need to follow Campus Policy, proper procedures, as well as all applicable laws and policies regarding biosafety. Any purchase shall only be authorized after the approval is in place including submitting a Biological Use Authorization if applicable, if they are working with certain kinds of biological agents, such as recombinant DNA, synthetic nucleic acids, and pathogens. Prior to purchasing gene synthesis equipment or gene synthesis products, check the Smartsheet dashboard and tool for compliance with AB1963 or for requesting attestation forms: Gene Synthesis Smartsheet

*Campuses Institutional Biosafety Committees (IBC) are responsible for enforcing policies and guidelines related to university-related use of all potentially hazardous biological agents, including but not limited to infectious agents, human and non-human primate materials (including established cell lines), CDC select agents, recombinant DNA and studies involving human gene transfer. The Committee ensures that research involving these agents is conducted in a manner that does not endanger the researcher, laboratory worker, human research subjects, the public or the environment.*

**J. PURCHASING CARD (P-CARD)**

Purchasing Card/P-Card holders will need to follow the processes, guidelines, prohibited purchases, and restricted purchases as outlined in the Purchasing Policy and P-Card Program Manual: P-card Guidelines Issued through US Bank: U.S. Bank (usbank.com)

The card is allowed for TUC general fund, commercial operations, Agency funds, faculty award funds, grants and contracts and sponsored programs. The card CANNOT be used for campus programs or operations. The cardholder will be responsible for maintaining documentation on every purchase made using the card as well as approving/coding/reconciling and forwarding this information to TUC. Purchases must be made in accordance with established TUC policies for expenses associated with official business that directly benefit TUC and the University.

NO PURCHASES OF A PERSONAL NATURE MAY BE MADE USING THE P-CARD. Any such purchases must be immediately reimbursed to TUC by the Cardholder and may result in the revocation of card privileges.

**K. 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 that as a condition of doing business with the Corporation, the vendor cannot subscribe to sexual discrimination in any manner.

*Approved by The University Corporation Board of Directors, 12.15.04*

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