

California State University, Northridge
University Student Union

Effective: 07-01-17

SUBJECT: PROCUREMENT POLICY

REFERENCES:

- Title 5, California Code of Regulations, Sections 42401 and 42402
- California Education Code Section 89904
- Integrated California State University Administrative Manual (ICSUAM) Policies:

- 5000.00 Contracts and Procurement Policy Introduction
- 5205.00 Low-Value Purchases
- 5204.00 Strategic Sourcing Options and Alternatives
- 5206.00 Limits on Competition
- 5209.00 Emergency Transactions
- 5210.00 Prohibited Practices
- 5250.00 Procurement Cards (University Liability Credit Cards)
- 5300.00 Personal Property
- 5301.00 Bid Thresholds for Personal Property
- 5302.00 Formal Bidding for Personal Property
- 5400.00 Procurement of Services
- 5401.00 Solicitation Thresholds for Services
- 5402.00 Formal Solicitation for Services
- 5405.00 Amendments to Service Agreements

- Petty Cash Policy
- Corporate Credit Card Policy
- Risk Management & Contracts Policy

DEFINITIONS: **Personal Property or Goods** mean all types of tangible personal property including materials, licenses, supplies, and equipment.

POLICY: Procurement encompasses the following fundamental principles:

- Commitment to the maintenance of high standards of performance based on fair, ethical, and professional business practices.
- Recognition that the development of procurement policies is to establish efficiencies, transparencies, and safeguards for obtaining the best value in the acquisition of goods and services.
- Recognition that policies will be in accordance with sound business judgment and practices.

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- Ensure all procurement activities comply with regulations applicable to procurement regarding ethnicity, race, gender, sexual orientation, personal use of information, conflict of interest, advance payments, restrictive specifications, and prohibition of labor abuse.

Purchase Orders

All acquisitions of goods and services shall be by means of a purchase order unless specified as an exception herein.

Low-Value Purchases

The development of methods for reducing the costs of executing low-value purchases via corporate credit cards and petty cash shall be encouraged where little or no value is added by processing the transaction through standard procurement procedures.

Limits on Competition

Sole brand and sole source procurement methods limit competition, which may affect the USU's ability to minimize costs and negotiate favorable terms. These methods should only be used when it has been determined that there is only one source or one supplier that can provide the goods or services in accordance with the requirements of the USU.

Emergency Transactions

When an emergency involving the public health, welfare, safety, protection of USU property or programs requires the immediate issuance of a purchase order, contract, or service order without the formal issuance of bid limitations, a statement regarding the nature of the emergency will be attached to the requisition and signed by the requestor and the USU Executive Director/designee.

Prohibited Practices

It is unlawful for any Board member, USU employee, or any other person to utilize any CSU or auxiliary information that is not a matter of public record for personal financial gain. No USU employee may make or participate in the making of any decision in which the employee has a personal financial interest.

Procurement of Services

The following kinds of service contracts shall be subject to this policy:

- Service, repair, and maintenance agreements
- Independent contractor and consulting services
- Equipment rental and lease agreements

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Contract Amendments

Contracts may be amended if the additional work scope is the same type of work that is incidental to the work specified in the contract and is necessary for the completion of the intended work in the contract.

Recommended by the Finance Committee on May 12, 2017

Approved by the University Student Union, Board of Directors on June 12, 2017.

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Procurement Procedures

I. Purchase Orders

- A. Any Contract for Services or Contract for Artistic Services requires a purchase order regardless of the amount of the contract (including zero-dollar contracts).
- B. All acquisitions of fixed assets (capital outlay) require a purchase order.
- C. The use of blanket purchase orders is encouraged when *different* types of goods are purchased from the *same* vendor. The use of blanket purchase orders eliminates the necessity to create a separate purchase order for each individual order of goods with the same vendor.
- D. The following types of acquisitions and disbursements do not require a purchase order:
 - Acquisitions equal to or less than \$500 that do not require a contract
 - Corporate credit card payments
 - Travel advances and reimbursements
 - Petty cash replenishments and reimbursements
 - Utility payments (telephone, electricity, gas, and water)
 - Refunds of overpayments or deposits
 - Employee payroll benefit-related payments
 - All payments coded to general ledger accounts that begin with 2XXXX, 3XXXX, or 4XXXX.

E. Deadlines

- Accounting & Finance requires a minimum of four business days to process purchase order requisition into a purchase order. The purchasing of goods and services should be planned well in advance in order to meet deadlines.
 - i. Purchase orders processed after goods or services have been ordered after the-fact expose the USU to negative audit findings. These instances require a written explanation approved by the corresponding management team member detailing why the proper procurement procedures were not followed.

II. Low-Value Purchases of Goods

- A. Low-value purchases are defined as a single transaction of goods less than or equal to \$5,000 which includes related taxes and shipping costs.
 - Travel-related expenses are exempt from the \$5,000 single transaction limit.

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B. Low-value purchases shall be made utilizing a USU corporate credit card or petty cash in accordance with the USU's Corporate Credit Card and Petty Cash Policies. Use of a corporate credit card and petty cash provides the following benefits:

- Streamlines the process for small dollar orders and reduces invoices and check payments
- Enables employees to be more efficient and focus on their core missions
- Reduces paperwork and processing time in the employee's department as well as in the purchasing and accounting functions
- Provides cost savings through the consolidated payments to the credit card company and through the replenishment of the petty cash fund
- Enables faster payments to vendors

C. The following purchases are not considered low-value purchases and the use of a corporate credit card is prohibited:

- Cash advances of any kind
- Items determined by the USU to be inappropriate e.g. personal purchases
- Any services that require a USU Contract for Services or Contract for Artistic Services
- Fixed assets approved through the capital outlay budget

D. The following procedures shall be observed in the authorization of low-value purchases:

- Prohibit splitting of purchases to circumvent purchase limits
- Ensure that duplicate payments do not occur
- Ensure that leveraged purchasing agreements made available through established campus or system-wide procurement channels take precedence when making low-value purchase transactions

III. Procurement of Goods and Services

A. Threshold Levels

- Written quotations from three vendors are required for purchases of goods and services equal to or greater than \$10,000 but equal to or less than \$50,000.
 - i. Contracts for Artistic Services are exempt from all threshold level requirements.
- Acquisitions of goods and services estimated to be greater than \$50,000 and equal to or less than \$100,000 may be the result of an informal non advertised solicitation process. The solicitation must be based on a written project scope documenting the

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requirements and characteristics the goods must possess in order for the proposal to be valid. Written quotations based on the project scope must be obtained from at least three vendors.

- The requirement for three written vendor quotations may be waived for acquisition of goods and services greater than or equal to \$10,000 and equal to or less than \$100,000 if written documentation is provided that shows that sufficient outreach and diligence was undertaken to obtain the three quotations.
 - i. If only one vendor responds to a request for a written quotation, then a sole source request may be used.
- Acquisitions of goods and services greater than \$100,000 shall be awarded as a result of a formal solicitation process.

B. Acquisition Funding Sources Guidelines

- Acquisition of Goods
 - i. If the cost is less than \$100,000, the operating budget or capital outlay budget is the funding source.
 - ii. If the cost is equal to or greater than \$100,000, the Major Repair & Replacement fund is the funding source.
- Acquisition of Services
 - i. The funding source shall be the operating budget no matter the cost unless the service is a feasibility study related to a major renovation of USU facilities. In such a case, the funding source is the Major Repair & Replacement fund.¹
- Exceptions to the Funding Source Guidelines
 - i. An exception may be made by the Executive Director/designee.

IV. Formal Solicitations for Goods and Services

A. Public Notice

¹ The Major Repair & Replacement fund is a fund administered by the campus on behalf of the USU. When the Major Repair & Replacement fund is the funding source, the campus procurement process is utilized.

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- The intent to formally request services or goods from the open market shall be advertised by the USU in media acceptable to the campus.
 - i. Complete copies of the solicitation shall be maintained on file by the USU to be made available to any interested parties upon request.
 - ii. The USU shall also, in a location easily accessible to the public, post a copy of the solicitation which shall remain posted until seven days after an award has been made.
 - iii. After bids have been opened and read, they shall be made available for public inspection within a reasonable time. Public inspection shall not include disclosure of documents that are designated by the University to be confidential.

- B. The USU shall maintain confidentiality of bids until the bids have been received and reviewed.

- C. Bids received after the closing date shall not be accepted.

- D. Each formal solicitation must attempt to secure at least three competitive bids or proposals.
 - The reason(s) why any solicitation receives less than three competitive bids must be documented in writing.

- E. Contracts shall be awarded under a procedure which makes use of the Request for Proposal (RFP) or Invitation to Bid. Solicitation documents shall include the following:
 - The bid or proposal evaluation process and selection criteria
 - Method in which requests for information or clarification should be requested, and the manner in which they will be answered
 - Provisions for resolutions of protests and disputes

- F. Evaluation of Bids
 - As soon as practical after the review of the bids, the USU shall begin the evaluation process to determine the lowest bidder in accordance with the criteria for evaluation as stated in the solicitation.

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- Deviations from requirements which do not materially impact the cost, quantity of the item or service to be provided or do not directly affect the outcome of the bid award, in the opinion of the USU, may be waived.
- All bids or proposals must be evaluated at the time stated in the solicitation document.
- Contracts shall be awarded based on the quotation/formal solicitation that provides the most value-effective solution to the USU's requirements. Documentation of the value-based determination of the award is required if the award is other than the lowest priced proposal.

G. Rejection of Bids

- If the apparent lowest bid does not comply with the bid requirements, it must be rejected.
- The bidder must be notified prior to awarding the contract to another bidder.
- If prior to making the award, any bidder who has submitted a bid, files a protest against the awarding of the contract on the ground that they are the lowest responsible bidder meeting specifications, the contract shall not be awarded until either the protest has been withdrawn or the USU has made a final decision in accordance with Campus Policy Section 212, as to the action to be taken relative to the protest.
- Proposals or bids may be rejected in any case where the USU determines that the bids received are not in the best interest of the USU.

V. Sole Branding and Sole Sourcing

- A. Each sole brand or sole source request must include a written justification explaining why the sole brand/source is necessary to satisfy the requirements of the USU. It must demonstrate that the supplier holds a unique (no other sources have it) set of skills or expertise that makes it impossible for anyone else to do the work or that the goods are not available from another source. The justification must be approved by the Executive Director/designee prior to procurement.
- B. The justification should include the following:
- The unique performance factors required
 - Why these factors are required
 - What other brands/sources have been considered or rejected and why

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- C. Sole brand or sole source requests shall not be justified on the basis of:
- A lack of planning
 - Concerns related to the amount of funds available for the acquisition of the goods or services
 - A previously bid (publicly bid or not) contract or purchase order for the same product or service
- D. The utilization of unnecessarily restrictive specifications or solicitation requirements in a competitive procurement process for goods or services is prohibited. The purpose is to not limit, directly or indirectly, competition to a single brand or single source.
- E. The following transactions are exempt from competition requirements:
- General Services Administration (GSA) contracts in accordance with ICSUAM 5204.00
 - California Department of General Services Purchasing Agreements
 - Emergency transactions
 - Contracts for artistic services (concerts, lectures, performances)
 - Equipment and maintenance contracts for which there is only one authorized or qualified source required by the equipment manufacturer
 - Proprietary software maintenance, annual license renewals, and/or upgrade contracts
 - Utilities contracts
 - Contracts for conference or meeting facilities
 - Contract amendments for time extensions with no additional dollars being added
 - Contract amendments to exercise options that were part of the original contract
 - Real property leases and rentals
 - Publications, technical manuals, or technical services related to publications

VI. Policy Exceptions

- A. When appropriate and necessary, the Executive Director/designee may make a limited exception to this policy. The purpose of the exception must be documented in writing and signed by the Executive Director/designee.