

**California State University, Northridge
University Student Union, Inc.
Purchasing Policy**

SUBJECT: Purchasing Policy

REFERENCE: State Universities Administrative Manual (SUAM); Title 5- 42401 and 4202,
Ed. Code 89900

POLICY: It is the policy of the University Student Union (USU) to foster active competition among purveyors of the goods and services purchased for the Union. USU purchasing shall be conducted in a manner which affords the maximum opportunity for the public to be notified of the Union's intention to make a purchase, and for purveyors who wish to become suppliers of goods and services to be given clearly defined opportunities to do so.

All purchases that meet USU requirements must be made in a manner that is prudent and fiscally responsible regardless of price. Purchases under \$5,000 may be secured without the necessity of price quotations. Purchases from \$5,000 to \$50,000 require a minimum of three written quotations. Purchases greater than \$50,000 requires formal bids.

All vendors who have not previously engaged in business with the USU must complete Form W-9 *Request for Taxpayer Identification Number and Certification*.

In compliance with the Internal Revenue Code all unincorporated recipients of non-employee compensation that may be subject to tax withholding (non-resident alien) must complete the *Citizenship/Residency Statement*.

This policy applies to the acquisition of supplies, equipment, construction services, and other services with the exception of products for resale and other exceptions as authorized by the CSU. All purchases (with limited exceptions) are to be purchased on a purchase order form.

Recommended by the Finance Committee on 03/07/2007

Approved by the University Student Union, Board of Directors on 03/19/2007

Business Services Purchasing Procedures

- I. Conflict of Interest
 - A. In order to protect employees of the USU from charges of conflict of interest, purchases should not be made from an organization in which an employee of the USU has an economic interest, either direct or indirect. Such purchases may have the appearance of wrongdoing and should be avoided.

- II. Informal Bid Procedures
 - A. Purchases under \$5,000 for services, merchandise, and equipment.
 - 1) Purchases under \$5,000 may be secured without the necessity of obtaining prior authorization or price quotations.
 - 2) These purchases must be made in a manner that is fiscally responsible regardless of price.

 - B. Purchases from \$5,000 to \$50,000 for services, merchandise, and equipment.
 - 1) Price quotations must be obtained on all purchases where the dollar amount is from \$5,000 up to (but not including) \$50,000.
 - 2) Quotations will be solicited from a minimum of three vendors. Quotations must be in writing.
 - 3) The splitting of purchase orders in order to avoid obtaining written quotes is expressly prohibited.
 - 4) Any change requisition that increases the total purchase price of a purchase order to more than \$5,000 must include three written price quotations. This applies in situations where the service or product has not been ordered.

 - C. Written Quotations
 - 1) Vendors will be allowed five (5) business days to respond to written requests for quotations.
 - 2) Complete copies of request for quotations will be maintained for review purposes by Business Services and the appropriate department manager. The quotations will be attached to the original purchase order.

 - F. Evaluating Quotations
 - 1) Quotations will be evaluated to determine the lowest responsible price quoted for bids that meet USU requirements. The following factors should be considered:
 - Quoted price less any acceptable discounts
 - Compliance with specifications: make, model and performance standards
 - Compliance with delivery requirements
 - Unacceptable conditions
 - 2) If the lowest price quoted is unacceptable, an explanation of why it cannot be considered must be noted in the file.

- III. Formal Bids
 - A. Purchases greater than \$50,000 for services, merchandise, and equipment.
 - 1. Purchases of \$50,000 or more must be formally bid and awarded to the lowest bidder meeting specifications.

2. To ensure full competitive bids, the University Student Union will solicit bids from as many responsible bidders as possible.
3. A copy of the invitation for bid will be posted outside the Union's administrative offices so that it is accessible to any bidder who may wish to participate.
4. Complete copies of the bid request will be maintained by Business Services and the requesting USU department. Copies of the bids will be available to any vendor upon request.
5. The Union may also solicit bids directly from vendors known to supply the product or services required.
6. The invitation to bid should include the following:
 - A clear, concise description of the materials, services, or equipment being purchased.
 - Clearly defined delivery terms and conditions.
 - The method or formula for determining the lowest qualified bidder.
 - A reasonable amount of time for bidders to prepare and submit their bid response prior to the bid due date.
 - The closing date and the exact time of opening of the sealed bids.
 - Notification that bids received after the closing date and time will not be considered.
7. Quotations will be evaluated to determine the lowest compliant price quote. The following factors should be considered.
 - Quoted price less any acceptable discounts
 - Compliance with specifications: make, model, & performance
 - Compliance with delivery requirements
 - Unacceptable conditions
8. If the lowest price quoted is unacceptable, an explanation of why it cannot be considered must be noted in the file.
9. The Executive Director must approve any deviation from this procedure in writing.
10. Limiting of Competitive Bidding
 - a. Limiting the bidding to one bidder and/or one brand or trade name is prohibited, except in cases where an article of a specified brand or trade name is the only article which will properly meet the needs of the Union.

IV. Sole-Sourcing

- A. A requisition that limits the bidding to one source and/or brand or trade name must be completed on a **sole-source form** that includes a written justification as to why the product/service specified must be purchased sole-source. The sole-source memo must be authorized by the Executive Director/**designee**.
- B. The 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 & why.
- C. A copy of the justification for a sole-source purchase should be filed with the purchase order and contract for review purposes for a minimum of four years.

V. Vendor and Contractor Files

- A. Business Services must maintain active vendor and contractor files on all products and services that are likely to be requested for purposes of conducting business.

- B. The USU may be required by vendors to sign their contracts. Department managers will send copies of these signed contracts to Business Services to be maintained in a central file.
 - C. Legal and Contract provision verification
 - 1) The University Student Union may require from any contractor verification and certification of any required insurance coverage.
 - D. Exclusion of Vendors or Contractors From Bidding
 - 1) A vendor or contractor may be removed or suspended from the University Student Union's list of potential bidders and be prohibited from participating in any bidding process if there has been a failure to perform in accordance with the terms of a past contract with the Union, CSU campus, or auxiliary.
 - 2) A vendor may also be removed or suspended if its performance with respect to a previously awarded purchase order or contract has been unsatisfactory.
 - 3) Such exclusion must remain in effect for at least 90 days after the unsatisfactory performance has been recorded, but shall not exceed a period of 360 calendar days. A vendor's suspension may be removed if the vendor corrects the problems that resulted in the suspension.
- VI. Capital Outlay & Capital Purchases
- A. Capital Outlay is defined as the outlay of funds for capital equipment purchases. These funds are identified during the annual budget process and become part of the approved capital outlay budget.
 - B. A capital purchase is any purchase of a single item or combination of like items with a total value greater than \$5,000.
 - C. All purchases must be approved by the Executive Director/designee. The process is managed by the Associate Executive Director.
 - D. All capital outlay and capital purchases require a purchase order. Capital purchases greater than \$50,000 must follow the formal bid procedures for purchases greater than \$50,000.
 - E. Upon arrival of any capital equipment, the Facilities department notifies Business Services for the purpose of tagging the equipment in the Facilities area before it is delivered to the ordering department.
- VII. Title IX – Education Amendment of 1972
- A. Under Title IX, sexual discrimination may not lawfully exist in policies, procedures or activities of The University Student Union. The Union subscribes to Title IX and in recognition of this commitment assumes the responsibility. Every Union employee 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 University Student Union, sexual discrimination is prohibited.

CONTRACT AGREEMENTS

Contract agreements are to be used for those individuals defined as non-employees and organizations (companies or corporations) that provide contractual services to the University Student Union. All services that require contractual agreements must be processed through a purchase order.

A standard agreement or performance contract is required when a vendor or independent contractor provides a service because of potential general & auto liability, workers compensation liability, and professional liability. USU standard agreements and performance contracts clearly state the minimum insurance requirements a vendor must meet before services can be rendered. A Risk Identification

Management Assessment must be filled out by department managers and approved by the Executive Director/designee for any vendors who are unable to meet minimum USU insurance requirements.

Original and signed standard agreements, performance contracts (or worksheets), proof of meeting minimum USU insurance requirements (via insurance certificates and risk assessments), and any other supporting documentation must be submitted with the purchase order requisition before the purchase order will be processed.

All independent contractors, consultants, and performance artists who have not previously engaged in business with the USU must complete Form W-9 *Request for Taxpayer Identification Number and Certification* and *CA form 590 Withholding Exemption Certificate*. Unincorporated vendors must complete both the Form W9 and the *Certification and Citizenship/Residency Statement*. Any exceptions to this procedure must be approved by the Associate Director, Finance & Business Services/designee.

The Student Union has three categories of individuals and organizations that provide services and require a written contractual agreement:

- I. Independent Contractors
 - A. Independent contractors are individuals who are performing work where an employer/employee relationship doesn't exist. An independent contractor relationship exists when all of the following conditions are met:
 1. The work is not a part of the regular business of the employer.
 2. The individual is in business for profit to provide the service, product or work.
 3. The individual has evidence that the service has been provided to other clients.
 4. The individual has the required qualifications, licenses and insurance to be independent agents.
 5. The individual can provide his/her own tools, supplies and equipment to complete the job.
 6. The individual is not supervised or directed by university employees.
 7. When the work is completed, the contract is completed and there is no on-going employment relationship with the student union.
 - B. The USU does not control the contractor's work location, work hours, or work methods.
- II. Consultant
 1. A consultant is an individual who gives professional or technical advice, such as a lawyer, accountant, or engineer.
- III. Performance Artist
 1. Individuals or groups who use their creative and artistic abilities in exchange for a fee. Examples of services include musical and theatrical performances.
- IV. Standard Agreement
 - A. A standard agreement must be obtained in order to document the pertinent information of the independent contractor, consultant, or organization.
 1. The agreement must include the name, business address, social security number (or federal identification number), the service being performed, rate of pay, and total amount of the agreement.
 2. The agreement must be signed by the Executive Director and then turned into Business Services for processing with a purchase order requisition.
 - B. A purchase order must be processed for the total amount of the agreement.

- C. The independent contractor, consultant, or organization must supply an invoice upon completion of his/her services indicating the total amount due. When the invoice is received in Business Services a direct payment label will be affixed and forwarded to the department manager for payment authorization. **The approved invoice is returned to accounts payable.**
 - D. Business Services should receive all agreements ten working days prior to the expected commencement date of the services. This will allow sufficient time to process the purchase order and track the agreement.
 - E. USU volunteers who receive stipends do not require standard agreements. However, all USU volunteers are required to complete Form W-9 *Request for Taxpayer Identification Number and Certification* and the *Citizenship/Residency Statement*.
- V. Performance Contract
- A. A performance contract must be obtained in order to document the pertinent information of the performing artist or group.
 - B. The agreement must include the name, business address, social security number (or federal identification number), the service being performed, dates of performance, rate of pay and total amount of the agreement.
 - C. The contract must be signed by the Executive Director/designee and the Contractor. A copy (or the original if completed) of the performance contract and/or performance worksheet is turned into Business Services as backup for processing with the purchase order requisition.
 - D. A purchase order must be requisitioned for the total amount of the contract.
 - E. After the date of performance on the contract the performer must supply an invoice upon completion of his/her services indicating the total amount due. If the performer does not provide an invoice, the department manager will fill out a USU Check Request form that serves as the original invoice.
 - F. **The vendor's invoice (or USU Check Request) is forwarded to Business Services. The original performance contract is attached to the purchase order.** When the performance artist invoice is received in Business Services a direct payment label will be affixed and forwarded to the department manager for payment authorization. USU Check Request forms do not require direct payment labels so this form will not be returned to the department manager. All relevant payment information and authorizations are already included on the form.
 - G. Performance contracts are exempt from the three written quotation, formal bid, and sole sourcing requirements.

PURCHASE ORDER and PAYMENT PROCESS

- I. The purchasing process is used to pay for authorized budgeted expenses and authorized capital outlay purchases.
- II. Department managers/designees fill out purchase order requisitions and forward them to Business Services for processing. Requisitions must be signed by an authorized department manager.
- III. Requisitions will be processed within four business days.
- IV. Purchase Orders must contain the following information:
 - Vendor name and address.
 - Chartfield string to be charged.
 - Description, quantity, and price of item(s).
 - All required documentation outlined in this procedure.

- The purpose of the purchase must be clearly stated in the body of the purchase order requisition.
 - The purpose of any increase or decrease to any purchase order must be clearly stated in the body of the purchase order requisition. Supporting documentation justifying an increase to a purchase order is required where appropriate.
 - A. The Purchase Order Technician/designee will verify the requisition for completeness, appropriate signatures, and funds availability with the PeopleSoft Budget Balance Available (BBA) Report. It is then forwarded to the Accounting Supervisor/designee.
 - B. The Accounting Supervisor/designee validates fund availability against the BBA report and then signs the requisition as accounting approval.
 - C. It is then forwarded back to the Purchase Order Technician/designee who creates the purchase order and encumbers the funds against the requesting department's budget.
 - D. The Purchase Order is signed by the Associate Director of Business Services/designee verifying the requisition for accuracy and completeness. The approved purchase order is then returned to the Purchase Order Technician/designee for further processing.
 - E. Purchase orders designated to be mailed are mailed out by the Purchase Order Technician. A copy of the completed purchase order is forwarded to the corresponding department manager.
 - F. The original signed purchase order is kept in numerical sequence order in Business Services.
- V. Incoming Invoices from vendors are received by the Accounts Payable Technician who logs the invoice into the Accounts Payable Invoice Log. The invoice is forwarded with a direct payment label to the department manager for approval. An original invoice from the vendor must be submitted for payment processing.
- VI. When the original invoice cannot be obtained and a photocopy or facsimile must be used, the invoice must be labeled with the *Certification of Invoice To Be Used As The Original* sticker, certifying that the invoice copy or FAX is to be used as the original invoice. The label must be signed and dated by the department manager/designee
- VII. If the product or services were received, the department manager approves the invoice direct payment label and then forwards the invoice to Accounts Payable for payment processing.
- VIII. The Accounts Payable Technician will cancel the original invoice and all supporting voucher documentation via perforation.
- IX. Invoices with completed and approved direct payment labels turned in by 4:00 p.m. on Wednesday will be processed in the weekly Friday check run.

PAYMENTS THAT DO NOT REQUIRE PURCHASE ORDERS

Some payment transactions do not require purchase orders because issuing a purchase order adds little or no value to the transaction. Prompt payment is achieved with no sacrifice in accountability.

- I. Payment that do not require purchase orders are defined as the following transactions:
- Travel reimbursements
 - Travel advances
 - Petty cash replenishments and petty cash reimbursements
 - Corporate credit card payments

- Utility payments (telephone, electricity, gas, and water)
 - Refunds of overpayments or deposits
 - Employee payroll benefit-related payments (TSA, insurance such as health, dental, vision, life, and disability, workers compensation, pension, and state unemployment insurance)
 - Purchases less than \$25.00 that would otherwise require a purchase order
 - Change orders to purchase orders less than \$25.00
 - All payments coded to chartfield strings that begin with 2XXXX, 3XXXX, or 4XXXX.
- II. Every submittal for payment must have a completed direct payment label with the exception of reimbursements via travel expense claim forms and petty cash reimbursement forms.
- III. Travel reimbursements and advances must be made on a travel expense claim form per the travel policy.
- IV. The employee's immediate supervisor must sign as the authorized signer. For expenses incurred by the Executive Director, the approval of the Associate Vice President for Student Affairs/designee must be obtained.
- V. Replenishments of petty cash must be made payable to the petty cash custodian with the back-up vouchers attached and approved by the Accounting Supervisor/designee.

Approved by: 
Debra Hammond, Interim Assistant Vice President for Student Life, and
Executive Director

Date: 10/2/10 _____