

Policy #: 420.0
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TITLE: PROCUREMENT POLICY

I. Background and Purpose

University Enterprises Corporation (UEC) is committed to active competition in the purchase of equipment, materials, supplies and services that will aid and supplement the instructionally related and auxiliary support service activities provided by UEC.

II. 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 in place of non-recycled products whenever such products are available at no more than the total cost of their non-recycled counterparts.
4. Volume or pool purchases, annual purchase agreement and State-purchasing contracts shall be utilized when deemed to be advantageous to UEC.
5. Purchases from UEC employees, CSU staff or faculty of items for resale shall be certified as to their competitive value by the appropriate department head and be approved by the appropriate dean or UEC management.
6. Sole source purchases on a non-competitive basis will require written justification and approval. 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
7. No UEC Board member, employee, or CSU employee by virtue of their position, will personally derive any benefit, gain or receive preferential treatment from the purchase of materials, equipment, supplies or services.
8. Authorized signers failing to follow UEC's purchasing policy and procedures may incur personal liability or financial obligation with the vendor.

III. Regulations & Guidelines

- 1. Under \$10,000** – Direct purchases under \$10,000 do not require a purchase order. Direct purchases may not be split or subdivided to bring the total dollar amount under the \$10,000 limit for requiring a purchase order. Direct purchases should be entered on a *Disbursement Check Request* form with signature approval by the appropriate authorized individual. Original receipts and invoices must accompany each check request.

Direct purchases can also be accomplished by the use of a UEC purchase card. Direct purchases using a UEC purchase card should be entered on a *Bank Credit Card Payment Authorization* form with signature approval by the appropriate authorized individual. Original receipts must accompany each credit card payment authorization form.

- 2. \$10,000 to \$50,000** - Purchase requisitions for amounts between \$10,000 and \$50,000 (exclusive of sales tax) require a Purchase Order and a minimum of three price quotations.

Quotes shall be obtained from three vendors in written or electronic format, and include applicable specifications, vendor name, address, telephone number, and total dollar amount. Every effort shall be made to secure quotations and develop sources from small and disabled veteran owned businesses. Documentation should be submitted when a requisition is generated and will be maintained with the purchase documents for audit purposes.

In lieu of obtaining three price quotations a Sole Source/Brand Approval justification may be utilized if applicable to the purchase or if the vendor or subcontractor is named in the awarded sponsored project proposal or budget.

Reasonable price is defined as a price that does not exceed that which would be paid in the conduct of a competitive business. It may be established by market quotes, price or cost analysis. A reasonable price need not be the lowest price available, but is one which offers acceptable value to UEC and/or a sponsored project.

- 3. Over \$50,000** – Purchase requisitions over \$50,000 require a Purchase Order and a minimum of three formal bids from providers based on written specifications, which recognize competitive pricing, responsiveness to specifications, and reputation of vendors. Vendors are allowed approximately 30 calendar days to respond after solicitations to bid have been issued.

Sponsored Programs Exception - A fully documented Sole Source/Brand Approval justification is allowable in lieu of the three formal bids if the vendor or subcontractor is named in an awarded sponsored programs project proposal or budget.

Bid requests should include the following information:

- a) Clearly defined delivery terms and conditions

- b) The method or formula for determining the lowest bidder meeting specifications
- c) A reasonable amount of time for bidders to prepare and submit their bid response prior to the bid due date
- d) The closing date and exact time of opening of sealed bids
- e) 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/Brand Approval 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 UEC 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/Brand Approval 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
- d) Special circumstances requiring immediate action

Buyer should consult with their UEC or Sponsored Program Administration contact to determine the appropriate handling of the formal bid process.

- 4. Low Bid Exceptions** - UEC is not required to select the vendor with the lowest quote/bid. UEC 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.

IV. Capitalization

A capital purchase is defined as a tangible piece of property with an acquisition cost greater than \$5,000 and a useful life of one year or greater and will be depreciated over the economic life of the asset.

V. Capital Purchases separate from Board Approved Budgets

All capital purchases not previously approved by the UEC Board are subject to the availability of funding within the applicable account and the following approvals:

- a) Purchases up to \$50,000 – The authorized signers have approval authority for the charged account and UEC's Executive Director or his/her designee must approve.
- b) Purchases over \$50,000 – The Executive Director of UEC is authorized to expend beyond the budget an accumulated total of \$50,000 per quarter/semester. If the purchase exceeds \$50,000 the Executive Director will request the purchase be approved by the Board.

- c) Quotation and bid requirement as outlined above should be followed for all purchases.

VI. Purchases from Sponsored Programs, Grants or Contracts

Purchases made from 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 goods received prior to expiration of the award.

Purchases of goods, services and equipment utilizing sponsored program funds may be subject to additional agency restrictions and should also adhere to the applicable requirements set forth in the funding agency award, contract or agreement and its approved budget.

Approval:

Approved by the UEC Board of Directors