

Policy 111

Purchasing Policy

Section: 100 – General Administration

Responsible Executive: Lead Financial
Administrator

Responsible Department: Business and Finance
Office

First Effective Date: March 5, 1999

Last Reviewed: March 2018

Next Scheduled Review: June 2021

1.0 PURPOSE

- 1.1. To set forth the manner and practices by which the Cal Poly Corporation (“CPC”) procures goods and services for internal, trust account and sponsored program activities.

2.0 BACKGROUND

- 2.1. The CPC is committed to a program of best value in the purchase of equipment, materials, supplies and services that will benefit the educational mission of the University. This policy blends good business practices and governing policy, while remaining in compliance with federal and state laws and guidelines, and guidance received from CPC’s independent auditors.

3.0 POLICY

- 3.1. General Standards. Consistent with the provisions herein, the following requirements apply to CPC purchases of services, equipment, regularly stocked materials and supplies.
- 3.2. Best Value. Purchases shall be made in a manner which supports and facilitates the competitive bidding process and be at the best value, which may include, but is not limited to:
- 3.2.1. Best dollar value
 - 3.2.2. Quality or technical competency of the bidder’s product or service
 - 3.2.3. Delivery and implementation timetables
 - 3.2.4. Warranties, guarantees, and return policies
 - 3.2.5. Vendor’s financial stability
 - 3.2.6. Consistency of proposed product or service with the planned application
 - 3.2.7. Quality and effectiveness of the proposed product or service
 - 3.2.8. Vendor’s industry or program experience
 - 3.2.9. Risk assessment
 - 3.2.10. Value added services or options
 - 3.2.11. Innovative use of current technologies and quality results.

- 3.3. Customary Practices. Purchases shall follow what is customary in the market place for a particular service, commodity, or product and be consummated in such a manner so as to constitute a reasonably prudent documented business transaction.
- 3.4. Recycled Preferred. 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.
- 3.5. Signature Authority. Purchases must be approved by appropriate authorized signatory, supervisors and CPC authority prior to purchase order or check request.
- 3.6. Volume, Annual, State Contracts May Be Preferable. Volume or pool purchases, annual purchase agreements and State purchasing contracts shall be utilized when deemed to be advantageous to the CPC.
- 3.7. State and Federal Accessibility Requirements. The Federal Americans with Disabilities Act, the Federal ADA Accessibility Guidelines (ADAAG), and Title 24 of the California Building Code require that all furniture installations in University facilities be accessible, inclusive of University facilities leased by auxiliary organizations.
- 3.8. Insurance Requirements. The CPC requires a certificate of insurance for service providers, independent contractors, installation services, and delivery services that occur on campus in accordance with the Cal Poly Corporation On-Campus Construction/Installation Insurance Requirements.
- 3.9. Service Providers and Independent Contractors. All service providers and independent contractors must have an appropriate contract/agreement on file. The CSU has adopted policies related to the employment of its employees outside of their “normal” job duties and CPC shall adhere to those policies.
- 3.10. No Personal Gain.
 - 3.10.1. Any purchases or services from CPC employees, CSU staff or faculty shall be certified as to their competitive value by the appropriate department head and be approved by the appropriate dean or CPC management. The purchase of “services from” faculty or staff shall be conducted in a manner which constitutes “an arm’s length transaction.”
 - 3.10.2. No CPC Board member, employee, or CSU employee by virtue of their position, will personally derive any benefit or receive preferential treatment, whether directly or indirectly, from the purchase of equipment, supplies or services.
- 3.11. Sponsored Programs Activity Purchases. Any expenditures or purchases from contract and grant funds shall be approved by CPC in accordance with the sponsoring agency's contract, including the approved budget and any expenditure restrictions or allowances of the sponsoring agency. Purchases will require prior written authorization or approval of the funding sponsor if required by the agreement. Refer to the following document for more information: Program Guide - Sponsored Programs - CPC.
- 3.12. Trust Account Activity Purchases. Purchases from funds held in trust for the University by the CPC shall also conform to University policy and regulations governing the use of such funds.
- 3.13. Bidding or Sole Source Justification requirements. A bidding process or sole source justification may be required based on the expected value of the item or services to be purchased. These requirements do not apply if the purchased merchandise is for resale.

- 3.13.1. Purchase values for less than \$5,000. Such purchases shall be accomplished in a manner customary to the market place using sound business practices and adherence to the purchasing policy.
- 3.13.2. Purchase with values between \$5,001 and \$24,999. Written price quotes must be obtained on all purchases where the amount exceeds \$5,000 but is less than \$25,000. Documentation should include date, vendor name, contact person and telephone number, the written specifications, and any deviations in the purchase specifications from other price quotes. These purchases must be pre-approved by a designated CPC signatory.
- 3.13.3. Purchases Exceeding Value of \$25,000. An authorized signer on an account is required to submit a request for a purchase order and attach a minimum of three formal bids, based on the same written specifications, and which provide competitive price, responsiveness to specifications, and reputation of vendors. These purchases must be pre-approved by a designated CPC signatory.
- 3.14. Sole Source Written Justification. Sole source purchases on a non-competitive basis will require written justification and approval of the Lead Financial Administrator or his/her designee. The written justification should include:
 - 3.14.1. Unique performance factors of the products specified,
 - 3.14.2. Why these factors are required, and
 - 3.14.3. What other products have been evaluated and rejected, and why.
- 3.15. Depreciation. For additional information concerning asset depreciation refer to CPC's Depreciation Policy.
- 3.16. Failure to Comply. Employees, faculty, staff, and students failing to follow the purchasing policy or procedures may be assuming a personal liability for payment to the vendor and may be subject to appropriate disciplinary action.
- 3.17. Sales/Use tax. Unless the purchase is exempt from sales tax, appropriate sales/use tax will be a required cost for all transactions, to be remanded to the vendor, or paid directly by CPC.
- 3.18. Construction. Any construction on campus must be conducted pursuant to requirements of the Cal Poly Facilities Department
- 3.19. Hospitality Purchases. All Purchases must comply with hospitality guidelines; see guidelines on CPC's website under Forms and Documents – Finance.
- 3.20. University Business Purchases. Items purchased by the university shall be reimbursed from the appropriate CPC account using the procedures included herein.
- 3.21. Exceptions to Bidding or Sole Source Justification Requirements.
 - 3.21.1. Resale Merchandise or Commodities. These requirements do not apply if the purchased merchandise or commodities are for resale.
 - 3.21.2. Food Stuffs and Seasonal Commodities. The purchase of food stuffs and seasonal commodities for use in Campus Dining shall be made upon the basis of quotations from several reliable and convenient sources of supply. Awards shall be on terms most advantageous to the CPC based on quality, price, service and delivery.

- 3.21.3. University Store Merchandise for Resale. Purchases of textbooks and certain technical material and all resale merchandise shall be made on the basis of quotations from several reliable and convenient sources of supply, where practical and/or customary. Purchases shall be made on terms most advantageous to the CPC based on quality, price, service and marketability.
- 3.21.4. Agricultural Purchases for Feed, Breeding Stock, Livestock and Related Supplies. Purchases shall be on the basis of quotations from several reliable sources or be certified by the dean of agriculture as to their competitive value. Said purchases shall be within the scope and approved budget of the agricultural program and may not be in conflict with any CSU policies.
- 3.21.5. Master Purchase Agreements. Purchases may be made based on pricing and processes available through or from:
 - 3.21.5.1. Western State Contracting Alliance (“WSCA”) agreements, and
 - 3.21.5.2. Master Enabling Agreements (“MEA”) or similar agreements with vendors by the CSU or the University that include CPC, and
 - 3.21.5.3. Master agreements with vendors by CPC.
- 3.22. Purchasing Authority and Approvals.
 - 3.22.1. Account authority. Only authorized signatories of an account may request an expenditure of funds from that account.
 - 3.22.2. Authority to expend funds versus authority to sign agreements. The persons who have been authorized by CPC to sign agreements for purchases or other purposes are very limited and are noted in Policy 102 - Delegation of Signature Authority Policy. Having authority to expend funds through purchase order or check request from a specific account does not give that person the authority to sign purchase agreements.
 - 3.22.3. Additional Approvals. Prior management approval by the CPC fiscal authority and the supervisor for the account signatory is required if a contemplated purchase is not within an approved operating budget for the requesting operation or program.
 - 3.22.4. CPC approval.
 - 3.22.4.1. Purchases of \$5,000 or less may be approved by the appropriate administrator(s) designated by the Lead Financial Administrator.
 - 3.22.4.2. Purchases in excess of \$5,000 must receive approval of the Executive Director or his/her designee or the Lead Financial Administrator or his/her designee(s).
 - 3.22.4.3. Confirming purchase orders may be approved under unusual circumstances when time is of the essence, and CPC fiscal authority approval is still required, based on the expected cost of the purchase.
 - 3.22.5. Petty Cash. Purchases may be made via Petty Cash and are limited to \$100 per person per day, per the CPC guidelines.
 - 3.22.6. Compliance with approved budget. All purchases must be made within the appropriate approved budget authority for the program, contract, grant, or business unit.
 - 3.22.7. Capital expenses. Expected capital expenditure and/or equipment purchases (excluding grant and contract purchases) in excess of \$25,000 are to be included in the annual budget that is to be approved by the Board of Directors as part of the budget approval process. Unbudgeted capital expenses may be permitted as an exception as allowed per Policy 117 – Budget Controls and Delegated Authority Policy.

3.22.8. Commercial unit and Sponsored Programs approvals. Purchase of food stuffs and commodities, retail merchandise, University Graphic Systems, agriculture enterprises and Sponsored Programs shall be approved by the appropriate program or unit administrator or his/her designee within the parameters of their respective operating guideline budgets.

3.22.9. Standing Purchase Orders.

Standing purchase orders may be used for routine, repetitive purchases from the same vendor. Standing purchase orders may not be used to purchase equipment, for a single purchase over \$5,000, or to circumvent this policy statement.

4.0 DEFINITIONS

4.1. None.

5.0 PROCEDURES, GUIDELINES AND FORMS

5.1. The Lead Financial Administrator or his/her designee is charged with the responsibility of implementing this policy through procedures, guidelines and forms, if needed.

6.0 COMPLIANCE

6.1. All auxiliary units, departments and personnel and any authorized personnel requesting purchase funds from any account held by Corporation must comply with this policy.

7.0 REFERENCES AND RELATED POLICY

7.1. CSU policy, audit and legal requirements

7.2. GASB standards

7.3. IRS law and regulations

7.4. California tax and revenue code

7.5. California Sales tax requirements

7.6. California Education Code

Technical and administrative change updates

7-25-12 for title and organization structure changes.