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SECTION: **POLICY STATEMENT - GENERAL AND ADMINISTRATIVE**  
SUBJECT: **PROCUREMENT POLICY**

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PURPOSE: The purpose of this policy is to provide guidance to the Board of Directors on how OSU conducts procurement of products or services.

EFFECTIVE DATE: April 24, 2019

HISTORICAL:

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### Procurement Policy

#### I. Introduction

The Otter Student Union (“OSU”) uses a variety of methods to purchase goods and services. The purpose of this document is to establish the Procurement Policy for OSU purchases. OSU purchases include those made utilizing OSU funds. The purchasing functions, policy, and procedures have been established using sound business practices with the key goal of service to the OSU and its employees.

OSU is firmly committed to a program of “Best Value.” Best Value considers all transactions from many perspectives, including but not limited to, best dollar value, outreach to vendors, promotion of fair and open competition, lifecycle, operational requirements, quality and matching of products and services to the Otter Student Union’s needs. Retention of artists, entertainers, lecturers, and speakers for services are not subject to the provisions of this policy.

#### II. Policy, Regulations and Guidelines

##### A. Policy Provisions

1. Purchases are to be made in a cost-efficient manner that supports and facilitates the competitive bidding process and the lowest cost while still meeting operational requirements of OSU such as quality, specifications, service, and product availability, such that the lowest bid may not always be the bid that is selected.
2. Purchases shall follow what is customary in the marketplace for a particular commodity or product and consummated in such a manner to constitute a reasonably prudent documented business transaction.

3. Sustainable and/or recycled products shall be considered for procurement in place of non-sustainable/recycled products whenever such products are available at no or minimal additional cost.
4. Volume or pool purchases, annual purchase agreements, and master service agreements shall be utilized when deemed advantageous to OSU.
5. All purchases with OSU funds must have a legitimate OSU or California State University, Monterey Bay (CSUMB) business purpose.
6. Travel and travel related purchases are subject to the Travel Policy and the Travel Procedures.
  - a) Travel Privileges can be granted by the OSU Director for use of Procurement Cards for travel purchases, specifically for air travel, ground transportation, lodging, registrations, meals, and related expenses.
7. Hospitality expenses shall comply with this policy.
8. To protect from possible allegations of conflict of interest, purchases with OSU funds should not be made from companies in which OSU staff or family members have an economic interest. Employees with conflicts of interest must disqualify themselves from making or participating in a decision that would have a material effect on a personal financial interest. No OSU Director of the Board, OSU employee, or CSUMB employee by virtue of their position, can personally derive any benefit, gain, or receive preferential treatment from the purchase of materials, equipment, supplies, or services by OSU.

### III. Methods of Purchasing

OSU uses a variety of methods for the purchase of goods and services, including procurement cards, personal reimbursement, direct pay via check requests, and purchase orders.

- A. Procurement Card Purchases: OSU has determined that it is in its best economic and administrative interest to use a procurement credit card ("Procard") for transactions.
- B. Direct Payment/Check Requests: OSU may pay vendors directly for the purchase of supplies and services by completing a Check Request Form and submitting it to The University Corporation at Monterey Bay, which performs financial services for OSU.

C. Purchase Orders (PO): Purchase orders are required for purchases of capital assets that total more than \$5,000.

i.) Purchases of Capital Assets:

A capital asset is defined as a tangible piece of property such as computer equipment, machinery, and vehicles, with an acquisition cost greater than \$5,000, including tax, and a useful life of one year or greater. Capital assets will be capitalized and depreciated over the economic life of the asset.

D. Personal Reimbursement: OSU employees may be reimbursed for OSU business-related purchases by using the Personal Reimbursement Form and submitting it to The University Corporation at Monterey Bay, which performs financial services for OSU.

#### IV. General

A. Information Technology (IT): CSUMB IT provides OSU's IT support. CSUMB IT must approve all IT-related products prior to purchase or lease. This applies to all hardware, software, applications, copiers, and other non-computing devices regardless of the dollar amount. CSUMB IT will not support IT-related products that have not been reviewed and approved prior to purchase.

B. Contracts/Agreements/Leases: All contracts between OSU and another entity or individual are to be prepared and executed in written form. The Director of OSU or designee is the signatory for any OSU contract. OSU will not accept as legally binding any oral agreement that is not finalized and executed in written form.

C. Authorizations: All requests to purchase and pay must be signed by a signer who is authorized for the account to be charged.

#### V. Purchasing Requirements by Cost

A. Thresholds: The dollar thresholds listed hereunder are considered in the aggregate; purchases cannot be split to circumvent these policies and procedures.

1. Purchases up to \$10,000: Such purchases shall be accomplished in a manner customary to the marketplace using sound business practices.

2. Purchases of \$10,001 to \$50,000: The requester must submit in writing a minimum of two (2) quotes. If two quotes are not obtained, a written explanation why the minimum was not met must accompany the quote.

3. Purchases of \$50,001 to \$ 100,000: The requester must submit a minimum of three (3) price quotes based on the same written specifications. If three written quotations are not obtained, a written explanation why the minimum was not met must accompany the quote(s).
  4. Purchases greater than \$100,000: The requester must submit a minimum of three (3) formal bids from providers based on written specifications from a solicitation or request for proposals or quotes. If three formal bids are not obtained, a written explanation why the minimum was not met must accompany the bid(s).
- B. Sole Source: Sole source purchases on a non-competitive basis, regardless of the cost threshold, must meet sole source requirements and will require written justification by the authorized signer and approval by the Director of OSU or designee.

## VI. Purchasing Authority and Approvals

- A. Account Authority: Only authorized signatories of an account may request an expenditure of funds from that account.
- B. Authority to expend funds versus authority to sign agreements: The persons who have been authorized by OSU to sign agreements for purchases or other purposes are very limited and are noted in Delegation of Signature Authority Policy. Having authority to expend funds through purchase orders or check requests from a specific account does not give that person the authority to sign purchase agreements.
- C. Additional Approvals: Prior management approval by the OSU 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.
- D. OSU Approval:
  1. Purchases of \$5,000 or less may be approved by the appropriate administrator(s) designated by the Director of OSU.
  2. Purchases in excess of \$5,000 must receive approval from the Director of OSU or his/her designee.
  3. Confirming purchase orders may be approved under unusual circumstances when time is of the essence and based on the expected cost of the purchase.

- E. Compliance with approved budget: All purchases must be made within the appropriate approved budget authority for the program, contract, grant, or business unit.
- F. Commercial unit: Purchase of food stuffs and commodities retail merchandise, and graphic systems, shall be approved by the appropriate OSU program or unit administrator or his/her designee within the parameters of their respective operating guideline budgets.
- G. 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.

#### VII. Insurance Requirements

OSU has specific insurance requirements for services, projects, and in some cases, goods. Vendors providing services on campus may be required to provide proof of insurance and a services contract prior to purchase order issuance and/or commencing work. Equipment that is borrowed, loaned, rented, leased, or purchased through OSU will be scheduled to insure for losses due to damage or theft; the requester or department should notify OSU prior to receipt of equipment to insure coverage.

#### VIII. Preferences

Whenever feasible, purchases should be made from small businesses and local vendors to help support the local economy, which has been a goal of CSUMB since its inception. OSU also encourages purchases from minority-owned business enterprises, women-owned business enterprises, and disabled veterans. OSU encourages purchases with energy efficiency, sustainability, and the utilization of earth-minded, renewable (aka "green") products and services.

#### IX. Enforcement

Individuals not following this Procurement Policy may be subject to personal liability, notification to their supervisors, disciplinary action, financial obligation, and revocation of purchasing privileges.