

COLORADO STATE UNIVERSITY PURCHASING MANUAL

I. PURPOSE

The purpose of this Purchasing and Contracting Manual is to describe the policies and procedures used to obtain goods and services for Colorado State University. Additional training in specific areas may be required in order to fully utilize the University's procurement systems. Focused training for a department or college staff is available from PCS upon request by a Department Head, Director or Dean.

II. SCOPE

- A. Goods and services may be obtained through interdepartmental charges, commercial source purchases, contracts, leases, etc., or surplus property reassignments.
- B. Centralized or decentralized methods of purchasing goods and services are authorized. The dollar value, type of vendor and nature of the purchase determines the method.

III. AUTHORITY

- A. The Colorado State University Procurement Rules define all requirements for acquiring goods and services for the University. In addition, the University is required to comply with certain State of Colorado and federal rules and regulations. It is the responsibility of every CSU employee involved in the procurement-to-pay process understand and comply with all applicable rules and regulations. Compliance guidance is contained within this Manual and other published University resources, and from the PCS Department through training and individualized guidance.

IV. POLICIES

- A. Every commitment made by the University for goods or services exceeding \$5,000 must be made with an approved commitment voucher (purchase order or state contract) following Colorado State University Procurement Rules, State of Colorado Fiscal Rules, procedures outlined in this manual and other rules and regulations as referenced. Colorado Revised Statutes 24-30-202(3) states: "No person shall incur or order ... any obligation against the state in excess of or for any expenditure not authorized by appropriation and **approved commitment voucher....** Any such obligation so raised ... shall **not be binding against the state** but shall be **null and void ab initio** [from the beginning] and **incapable of ratification** by any administrative authority of the state... But every person incurring or ordering or voting for the incurrence of such obligation and his surety shall be **jointly and severally liable therefor.**"

Any individual ordering goods or services without following policies and procedures prescribed in this manual may be personally liable as stated above. Commitments less than

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\$5,000 may be made using informal, but reasonable methods of documentation such as a receipt, invoice or other document identifying the transaction, method of payment and amount. Purchases using University funds cannot be made on the basis of verbal commitments.

- B. Purchases funded from all sources are required to comply with all University and state policies and procedures.
- C. An emergency is defined by Colorado Revised Statute 24-103-206 as a situation which creates a threat to public health, welfare or safety. By rule, all emergency purchases must be approved by the Director of Procurement and Contracting Services, or a delegated University official, prior to making the commitment. In the event an emergency arises after normal working hours, delegated University officials are authorized to make emergency purchases, but are required to notify the Director of Procurement and Contracting Services the next working day.
- D. Goods and services generally will be charged against fund accounts for the fiscal year in which they are received. Orders for goods and services which cannot be received in the year ordered may be canceled or automatically charged against fund accounts of the next fiscal year. Charges for purchases received over a period of two or more fiscal years will be prorated to each fiscal year based on the percent of the total received during each fiscal year. Obtain prior approval from the University Controller if purchases are to be paid from accounts other than current year fund accounts. A multi-year contract, under which the University commits to paying any amounts in future years for a set period of time, must be approved in advance and must contain certain required provisions regarding availability of appropriations and funding for future years.
- E. Use the Department of Procurement and Contracting Services for all purchases specified in this manual and for any other purchase where centralized data, skills and bidding may be advantageous to the University.
- F. Before purchasing, consider using available surplus government or University property. Also consider borrowing or transferring available material or equipment from low priority uses, or using acceptable but less expensive substitutes.
- G. State law prohibits the University from making purchases for resale to employees or permitting personal purchases using University facilities, property or funds. Exceptions to the rule against resale items include the CSU Bookstore, which is authorized to retail select items, and the ROTC, which is authorized to sell certain military items to cadets and military personnel. There are no exceptions to the rule against using CSU funds to make personal purchases or to obtain a personal financial gain.

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V. RESPONSIBILITIES

A. The Department of Procurement and Contracting Services has been established as a service organization to provide faculty and staff the most economical, timely and effective way of acquiring goods and services. Major responsibilities include the following:

1. Ensure compliance with state, federal and University rules and regulations and follow established purchasing best practices.
2. Obtain suitable goods and services for the best price and quality.
3. Review supplemental purchases by ACARD, Authorization for Expenditure (AFE) or Intramural Orders to prevent abuse or noncompliance of purchasing policies and procedures.
4. Research new products and procedures.
5. Assure adequate sources of supply and seek new sources of supply to increase availability and quality at advantageous prices.
6. Accelerate delivery of goods, follow up on delinquent shipments and take action on damaged or incorrect shipments.
7. Provide information, assistance and guidance on the description, suitability, cost, quality, standardization and substitution of a product or service.
8. Assist in ensuring effective uses of material by reassigning surplus items and replacing obsolete or worn-out items.
9. Assist in the transfer, trade-in or disposal of surplus property.
10. Perform any other responsibility in relation to acquiring goods and services.
11. Administer and monitor the University ACARD (Procurement Card) program.

B. Deans, Directors and Department Heads are required to control acquisitions of equipment, materials and services to the reasonable and necessary requirements of the University for official business purposes, to limit and consolidate requests for these items, to authorize funds and make funds available, and to ensure that procedures and documents prescribed in this manual are followed for all purchases.

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- C. All University organizations are required to comply with state, federal and University policies and procedures and are required to ensure full documentation and adequate control. Due to unique operating requirements, special responsibilities and procedures have been prescribed in this manual as follows:

- Section PM-31 - Food Service Purchasing Procedures
- Section PM-32 - Bookstore Purchasing Procedures
- Section PM-33 - Library Purchasing Procedures
- Section PM-34 - Conference Services Purchasing Procedures
- Section PM-35 - Research Center Purchasing Procedures
- Section PM-37 - Livestock Feed Purchasing Procedures
- Section PM-38 - Livestock Purchasing and Sales Procedures
- Section PM-39 - Sponsored Programs Subcontracting

The above departments shall obtain equipment, maintenance/service contracts and administrative supplies through the University Department of Procurement and Contracting Services.

Sponsored Programs is authorized to negotiate and process subcontracts as outlined in Section PM-39.

The Military Property Custodian may obtain uniforms, accessories and services for the AFROTC Programs from fund accounts 9-90001 and 9-90002 in accordance with U.S. Air Force directives. Purchasing forms other than those of the University may be used when necessary to ensure compliance.

- D. The Director of Procurement and Contracting Services has overall responsibility for prescribing and monitoring compliance with state, federal and University requirements for the procurement of goods and services. Any authority or responsibility relating to purchasing which is not specifically designated in these or other instructions is reserved to the Director of Procurement and Contracting Services or authorized higher officials.
- E. Departments should ship and receive all materials through the Central Receiving Department whenever practical. If emergencies, size or location of item, etc., make central processing impractical the department should coordinate with the Central Receiving Department prior to ordering to determine method of shipment, necessary paperwork, etc.

VI. CONFLICT OF INTEREST

- A. Definition. A conflict of interest is a situation in which a University employee or member(s) of his/her family has a personal or private interest in a University purchasing action in which the employee participates, directly or indirectly, in decision-making.

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- B. Policy. The Colorado State University “Conflict of Interest (COI) Policy” defines the processes to be followed in articulating and resolving conflicts of interest at the University. Any person initiating a procurement who is aware of a conflict of interest, or a potential conflict of interest, with respect to the transaction is required to report the same to the Purchasing Agent when submitting the initial PR, or in the case of an ACARD or AFE transaction, before initiating that transaction. When the Department of Procurement and Contracting Services has reason to believe that a conflict of interest may exist in the procurement of goods or services and has not been disclosed, it will direct the affected department to comply with the procedures described in this policy. The COI Policy is administered under the direction of the Vice President for Research and the Senior Vice President/Provost and is subject to change from time to time. Current information on COI policy and procedures may always be found on the website of the Provost. Before a transaction involving a COI can be completed, PCS must receive an approved COI Management Plan from the ordering department. PCS does not provide or create COI management plans; please refer to the COI procedures on the Provost website.
- C. Selection Committee. As a member of a selection committee for a Request for Proposal (RFP), the member and his/her committee will be asked for a statement on conflict of interest.
- D. Sole Source Procurements. Sole source justification letters must have a statement addressing conflict of interest that indicates the requestor has no actual or potential conflict of interest regarding the purchase, or, if a COI is identified, an approved management plan must also be submitted.

VII. PROHIBITION AGAINST ACCEPTING KICKBACKS OR IMPROPER GIFTS OR FEES.

- A. The Anti-Kickback Act of 1986 makes it illegal for any person to provide, attempt or offer to provide, solicit, accept, or attempt to accept any kickback in connection with any contract or subcontract with any department or agency of the federal government. "Kickback" includes any fee, commission, credit, gift or anything of value which is provided, directly or indirectly, to the University or any of its departments, divisions or employees in order to improperly obtain or reward favorable treatment in connection with any federal government contract.
- B. All parties involved in the negotiation, performance, or administration of University contracts are bound to act in good faith. Any person employed by the University who purchases goods and services, or is involved in the procurement process for the University, shall be held to the highest degree of trust and shall be bound to the Colorado State University Procurement Code of Ethics. Implied duties of good faith and fair dealing shall be deemed to be contained in every contract and agreement of the University and shall apply to both parties.

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- C. Employees of Colorado State University shall comply fully with these requirements. Report possible violations of these requirements to the immediate supervisor of the employee allegedly in violation or to the Internal Auditing Department at the University.

VIII. PURCHASING SOURCES

- A. Services from employee or independent contractor. Required personal services may often be secured from either an employee or an independent contractor. Careful distinction must be made between work, which should be done by employees on the University payroll or by individuals or firms on a personal services contract. It is important that departments requiring a personal service recognize the differences in classification, relationships and use of employees and independent contractors. Refer to Independent Contractors, Section 1 of the Personnel Payroll Manual and Section PM-8 of this manual.
- B. Goods and services from University departments. Goods and services may be obtained from University departments when available. Goods available include bookstore items, chemicals, glassware, alcohol, certain hazardous materials, facilities maintenance supplies, etc. Services available include printing and duplicating, facilities maintenance services, visual aids, motor pool, computer services, etc.
- C. Goods and services from University employees. Employees of the University or of the State of Colorado should not contract to supply goods or services to the University.
- D. Goods and services from commercial vendors. The University purchases most goods and services from commercial vendors. The University strictly adheres to its Procurement Rules and procedures outlined in this Purchasing Manual.
- E. Special vendor services. In cases where a vendor is requested to provide extensive research, design work, or other activity reasonably beyond the services normally provided, it is considered equitable that the vendor be paid a reasonable fee for the service. There should be an understanding established between the University and vendor as to whether the vendor is to be paid separately for those services. Services shall not exceed \$5000 without the prior approval of the Department of Procurement and Contracting Services. An agreement must be made prior to the bidding. Acceptance of services common to the trade and normally provided by a sales representative shall not obligate the University to place the order with that vendor.

IX. PROCEDURES FOR OBTAINING GOODS AND SERVICES

- A. General. The University provides several methods for purchasing goods and services. In most cases a single form may be needed to grant a purchase request, authorize the fund account number, charge the department and pay the vendor.

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Generally, departments are authorized to make purchases less than \$5,000 and all interdepartmental purchases (IMO) to save time and paperwork. The Department of Procurement and Contracting Services makes larger purchases, generally more than \$5,000, to provide professional assistance and to review and secure the best price including competitive solicitations.

The dollar value of the purchase and type of supplier generally determines the method of solicitation and documentation to be used when obtaining goods and services. When appropriate, Intramural Order, Authorization for Expenditure, ACARD, Purchase Order and/or a contract may be used to obtain goods and services.

B. Purchases from local and non-local vendors.

1. Small-Dollar Purchases – Purchases totaling \$5,000 or less: The University has developed mechanisms for the purchase of most goods and services totaling \$5,000 or less and not requiring an authorized commitment document (purchase order or contract). When acquiring personal services (labor, time or effort), it is the ordering department's responsibility to request and obtain an insurance certificate from the vendor showing general liability, worker's compensation, employer's liability, and auto liability coverages (see the PCS website for instructions and coverage amounts).
 - a) Authorization for Expenditure (AFE): University departments are delegated the use of the Authorization for Expenditure (AFE) via the CSU Marketplace e-Procurement System (SciQuest®) for purchases totaling \$5,000 and less, or CIS for purchases totaling \$3,000 and less. The AFE is a check request document only and should not be used as a purchase order. See section PM-4
 - b) The University Procurement Card (ACARD) may be used for purchases totaling \$3,000 or less (unless a higher amount, up to \$5,000, has been approved for the cardholder by the Director of Procurement and Contracting Services) when the use of an AFE through the CSU Marketplace e-Procurement System (SciQuest®) or CIS is not viable. See section PM-2.
2. Purchases of goods totaling more than \$5,000: Submit an approved purchase requisition (PR) to the Department of Procurement and Contracting Services for purchases of goods totaling more than \$5,000. **Exception:** Purchases for goods up to \$10,000 made from a contracted supplier within the CSU Marketplace e-Procurement System (SciQuest®) by an authorized departmental representative.
3. Purchases of services totaling more than \$5,000: Submit an approved purchase requisition (PR) to the Department of Procurement and Contracting Services for purchases of services totaling more than \$5,000.

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- C. Goods and services from University departments. Use an Intramural Order (IMO) to request, authorize and pay for materials and services from University departments (see Section PM-6).

X. SPECIAL ACQUISITIONS

- A. Leases and rentals of equipment. Coordinate lease and rental equipment with the Department of Procurement and Contracting Services, which negotiates and signs all lease and rental agreements, regardless of dollar amount. Copies of fully signed agreements should be retained in both the Department of Procurement and Contracting Services and department files (see Section PM-8).
- B. Maintenance Agreements. Request a Maintenance Agreement (contract) for equipment and software through the Department of Procurement and Contracting Services (see Section PM-3).
- C. Contracts. Coordinate all contracts with the Contracts Manager, Department of Procurement and Contracting Services (see Section PM-8).
- D. Consignments. Coordinate consignment of materials or equipment with the Department of Procurement and Contracting Services before completing final arrangements with the vendor, even if consignment is on a trial basis and at no charge to the University.
- E. Purchase of tax-free alcohol. Alcohol, 190 proof or absolute may be obtained through the Department of Procurement and Contracting Services for authorized University requirements. Present an "affidavit for use of tax free alcohol" and Intramural Order (IMO) to Central Receiving to pick up the alcohol.
- F. Purchase of controlled drugs. Purchase Requisitions for narcotics and drugs, under the Controlled Substances Act of 1970 (U.S. Congress) shall be approved by the Colorado State University Drug Review Committee prior to making the purchase. The Authorization for Expenditure (AFE) and the ACARD **SHALL NOT** be used for the purchase of controlled substances.
- G. Purchase of surplus property. Federal and state surplus property is available to the University through Surplus Property and federal agencies. Departments may acquire surplus property at no charge or at a small service charge (see Section PM-9 or contact Surplus Property for more information).
- H. Purchase of subscriptions. Magazine and newspaper subscriptions (excluding library subscriptions) may be purchased with an ACARD or CIS AFE for \$3,000 or less, a

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SciQuest® AFE for \$5,000 or less, or a Purchase Requisition if the purchase exceeds either the ACARD limit or the AFE limits.

- I. Purchase of classroom books. Coordinate the purchase of classroom books through the CSU Bookstore
- J. Purchase of all other books. Purchase all other books with an ACARD or CIS AFE for \$3,000 or less, a SciQuest® AFE for \$5,000 or less, or a Purchase Requisition if the purchase exceeds either the ACARD limit or the AFE limits.
- K. Radioactive Isotopes. Purchase Requisitions for radioactive chemicals must be approved by the Radiation Control Officer in Environmental Health Services office before the Department of Procurement and Contracting Services can process the Purchase Order.
- L. Printing and publications. Per requirements of the Central Publications Policy, all printing and publications, including photocopier services, are processed through Communications and Creative Services.
- M. Publishing of articles (page charges) and reprints. Use an ACARD or CIS AFE for \$3,000 or less, a SciQuest® AFE for \$5,000 or less, or a Purchase Requisition if the purchase exceeds either the ACARD limit or the AFE limits.
- N. Research animal purchasing. Order rodents, rabbits, cats, dogs, birds, reptiles, amphibians and fish to be housed in any animal facility on campus or in the Painter Center through Laboratory Animal Resources (LAR). Contact LAR at 491-7364 for procedures. Exempt are animals for food and fiber research, horses for animal sciences-related courses and production research. Animals purchased from the Centennial Livestock Auction, such as sheep, goats, calves and horses, are exempt. However, the Animal Care Use Committee (ACUC) must approve a protocol to use these animals for research.

XI. PURCHASING STATUS INFORMATION

Methods for determining the status of purchasing documents after they have been initiated are described in the CSU Marketplace e-Procurement System (SciQuest®) User's Manual and sections 10 and 15 of the Financial Reporting System (FRS) User Manual.