

# COLORADO STATE UNIVERSITY PURCHASING MANUAL

## I. INTERNAL MANUAL INTRODUCTION

Sections numbered from 50 through 55 are internal Purchasing Department instructions. The purpose, scope and applicability are as follows:

- A. Purpose. It is the primary purpose of these internal instructions to provide procedures for internal operation of the Purchasing Department to include the functions of purchasing, receiving, mail services and surplus property.

This manual is intended to serve as:

1. A training manual for new employees
2. An operational manual for employees
3. A reference manual for supervisors
4. An indoctrination and compliance check manual for auditors.

It is also intended:

1. To a feasible extent, explain the background and inter-relationships of the overall purchasing program to related programs.
  2. To provide a written comprehensive and standard procedure for handling purchasing and related actions.
  3. To minimize the necessity for verbal instructions and reduce the chance for wrong interpretation.
  4. To assist in providing a more standard and effective accounting and purchasing operation.
  5. To reduce new employee training time.
- B. Scope. The internal manual attempts to outline procedures which will ensure accurate, efficient and economical accomplishment of assigned functions as outlined in paragraph V in compliance with applicable Federal, State and University policies, laws and regulations and in accordance with generally accepted purchasing and accounting procedures.
- C. Applicability. The internal manual is applicable to all employees of the Purchasing Department and such other personnel designated by the Director of Purchasing who are authorized to

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perform specific purchasing functions. Instructions in this manual must be followed without deviation until a written revision has been approved by the Director of Purchasing. A copy of each approved revision should be filed in the manual pending formal manual revision. Only in this way can changes be incorporated, maintenance of standard operating procedures and provide a complete and up-to-date manual.

## II. PURCHASING AUTHORITY

- A. Delegated by the Board of Governors of the Colorado State University System. The Board of Governors of the Colorado State University System authorizes the University's Director of Purchasing to "sign contracts, leases and agreements for the acquisition of materials, equipment and services; the rental of property for use of Departments of the University; the lease and rental of equipment; and the disposition of materials and equipment determined to be no longer of utility value to the University".

The Board of Governors further stated "authority does not extend to the execution of contracts for the acquisition of land and buildings, nor to the contracts for the rent or lease thereof, nor to contracts for capital construction".

- B. Delegated by the State Purchasing Director. By agreement of June 3, 2003 to John P. Utterback, Director of Purchasing of the University, the State Purchasing Director delegated authority as follows:

REF: Colorado Revised Statutes 1973  
As Amended, Title 24  
Article 102-302

"In accordance with Title 24, 24-102-302 (2) CRS 1973, as amended, you are hereby delegated authority to operate a central purchasing agency for the benefit of Colorado State University."

"As the Head of a Purchasing Agency, you are charged to follow all laws found in Title 24, Article 101 through Article 112, CRS 1973, as amended, and the Procurement Rules, which were adopted on November 23, 1981 and became effective January 1, 1982."

"In accordance with 24-102-302, CRS 1973, as amended, your procurement duties are subject to the supervision and control of the State Purchasing Director."

## III. OBJECTIVES

The objectives of the Purchasing Department as stated in this Section are medium to long range. The policies and procedures of this manual provide a basis for attaining these objectives; however, time,

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money, personnel and the facilities are required to completely attain them. The objectives of the Purchasing Department are to:

- A. Develop and operate an effective University purchasing program which complies with applicable Federal and State regulations and which provides adequate documentation for appropriate third party individuals and for Federal, State and internal auditors.
- B. Develop and operate a total purchasing program which will provide the most advantageous means for University departments to obtain required materials and services.
- C. Concentrate efforts and capabilities of the Purchasing Department on supervision of a total purchasing program, purchasing high dollar value materials and services and developing methods for large volume on call requirements.
- D. Decentralize greater purchasing authority and opportunity to ordering departments (under Purchasing Department supervision and in accordance with State and University purchasing policy) so that small dollar non-recurring purchases which fall under competitive dollar thresholds are made at the lowest and most economical level of organization.
- E. Streamline and mechanize paperwork and record keeping while providing necessary control, compliance with purchasing policies, adequate audit trail and required management data.
- F. Relate data to the maximum extent possible with the encumbrance, receiving, accounts payable, property and sponsored research accounting and operations systems.
- G. Provide and take advantage of central stores, "re-issue" stores, government surplus, etc. to the maximum extent possible.
- H. Use the computer and **electronic purchasing** to the maximum extent available and feasible.

#### IV. STANDARDS OF CONDUCT

Standards of conduct also referred to as Ethical standards apply to all University personnel engaged in University purchasing. Please refer to the State of Colorado Procurement Code, Code of Ethics.

Purchasing personnel (whether in purchasing or other departments), University administrators and other applicable University employees must discharge their duties impartially so as to assure fair competitive access to University purchases by responsible vendors. Moreover, all University personnel should conduct themselves in such a manner as to foster public confidence in the integrity of the University purchasing operation. Any attempt to realize personal gain through purchasing operations or University conduct inconsistent with the proper discharge of the employee's duties is a breach of public trust.

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The following ethical standards shall apply to all employees of the University Purchasing Department and to individuals in other departments engaged in purchasing activities.

A. Conflict of Interest. It shall be a breach of ethical standards for any University employee to participate directly or indirectly in any proceeding or application; request for ruling or other determination; claim or controversy; or other particular matter pertaining to any Purchase Order, contract or subcontract, and any solicitation or proposal therefore, in which to the employee's knowledge:

1. The employee or any member of the employee's immediate family has a financial interest;
2. A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest; or
3. Any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is a party.

Direct or indirect participation shall include but not be limited to involvement through decision, approval, recommendation, and preparation of any part of a purchase request, influencing the content of any specification or purchasing standard, rendering of advice, investigation, auditing, or in any other advisory capacity.

B. Discovery of Conflict of Interest, Disqualification, and Waiver. Upon discovery of a possible conflict of interest, an employee shall promptly file a written statement of disqualification and shall withdraw from further participation in the transactions involved. The employee may, at the same time, apply to the Director of Purchasing for an advisory opinion as to what further participation, if any, the employee may have in the transaction, or for a waiver.

C. Disclosure of Benefit Received from Contract. Any employee who has purchasing responsibilities and could obtain any benefit from the University contract with a business in which the employee has a financial interest shall report such benefit to the Director of Purchasing provided, however, this provision shall not apply to a contract with a business where the employee's interest in the business has been placed in a disclosed blind trust. Any such employee who knows or should have known of such benefit, and fails to report such benefit to the Director of Purchasing, is in breach of the ethical standards of this University.

D. Gratuities. It is a breach of ethical standards for any employee to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, disapproval, recommendation, preparation of any part of a purchase request,

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influencing the content of any specification or purchasing standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any contract or subcontract and any solicitation or proposal therefore.

- E. Contingent Fees. It shall be a breach of ethical standards for an employee to be retained, or to retain a person, to solicit or obtain a University contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee.
- F. Use of Confidential Information. It shall be a breach of ethical standards for any employee knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated personal gain of any other person.
- G. Disciplinary actions. For breach of any of the above stated ethical standards, one or more of the following may be imposed:
  - 1. Oral or written warnings or reprimands;
  - 2. Forfeiture of pay without suspension;
  - 3. Suspension with or without pay for specified periods of time; and
  - 4. Termination of employment.

In addition the value of anything received by an employee in breach of the ethical standards outlined above shall be recoverable by the University.

Further information on conflict of interest is contained in the Academic Faculty and Administrative Professional Staff Manual, paragraph D.8.7 and the Purchasing Manual, Section 1 paragraph VI. and VII. and Section 51, paragraph IX-E.

## V. FUNCTIONS OF PURCHASING DEPARTMENT

The University Purchasing Department has the primary function to obtain any equipment, material or service required for University operation. This involves acquisition by purchasing and leasing and use of surplus materials. Further, the department directly provides certain materials and services. Assigned functions include:

- A. Primary duties
  - 1. Furnishing information to University end-users as requested.

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2. Processing Purchase Requisitions for required materials and services by means of catalog, bid, negotiation, etc. using the Purchase Order or other authorized document.
  3. Negotiating leases or contracts for equipment.
  4. Negotiating maintenance or service agreements.
  5. Controlling and issuing changes to Purchase Orders.
  6. Ensuring that proper purchase documents are used and that authorized personnel have signed for the purchase and fund authorizations.
  7. Follow up by special request only to ensure correct and prompt receipt of orders.
  8. Initiation and follow up action on all necessary adjustments due to incorrect or damaged shipments.
  9. Maintaining vendor lists and evaluation data.
  10. Advising and taking necessary action on warranty and guarantee failures.
- B. Monitor authorized decentralized purchasing operations of designate organizations (see Section 1, paragraph V-D) and departments which use the Authorization for Expenditure, Intramural Order, ACARD, etc., to ensure compliance with State and University policies and procedures.
- C. Accomplish additional functions including:
1. Coordinating supplier visits to the University.
  2. Coordinating and approving all acquisitions of equipment for demonstrations, trial and consignment.
  3. Establishing and maintaining a purchasing library when Internet catalogs are not available.
  4. Developing additional sources of supply for University requirements.
  5. Controlling tax free alcohol. (Requires coordination with Central Receiving.)
  6. Disposing of surplus property.

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VI. ORGANIZATION

The following attachment shows the overall organization of the Purchasing Department; see Section 50, Attachment # 1.