

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

SUBJECT: **PURCHASING POLICY**

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PURPOSE: To provide management with policy and regulations governing Cal Poly Corporation ("CPC") purchases.

EFFECTIVE DATE: **December 7, 2001**

HISTORICAL: March 5, 1999

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## **PURCHASING POLICY**

### **I. BACKGROUND AND PURPOSE**

- A. The CPC is committed to active competition in the purchase of equipment, materials, supplies and services which will aid and supplement the instructionally related and auxiliary support service activities provided by the CPC.

### **II. POLICY AND REGULATIONS**

#### **A. Policy Provisions**

1. Purchases shall be made in a manner which supports and facilitates the competitive bidding process and be 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. Sponsored Programs purchases must also adhere to the requirements set forth in the grant or contract agreement. Purchases of equipment shall have prior written authorization or approval of the funding sponsor, if required by the agreement.
5. Purchases from funds held in trust for the University by the CPC shall conform to University policy and regulations governing the use of such funds.
6. Volume or pool purchases, annual purchase agreements and State purchasing contracts shall be utilized when deemed to be advantageous to the CPC.

7. Purchases from CPC 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 CPC management.
8. Sole source purchases on a non-competitive basis will require written justification and approval of the Executive Director, Director of Financial Services, or Associate Executive Director. The written justification should include:
  - (a) Unique performance factors of the products specified,
  - (b) Why these factors are required, and
  - (c) What other products have been evaluated and rejected, and why.
9. No CPC Board member, employee, or CSU employee by virtue of their position, will personally derive any benefit, gain or receive preferential treatment from the use of facilities or procedures available to the CPC for the purchase of equipment, supplies or services.
10. Employees 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.

## **B. Regulations**

Consistent with the policy provisions in Section A above, the following regulations apply to CPC purchases:

1. Equipment, regularly stocked materials and supplies (Exceptions are noted below under Section 3):
  - (a) Purchases under \$5,000 - Price quotations should be obtained on all purchases of less than \$5,000, either by phone or in writing, unless management determines it is not in the best interest of the CPC to do. Such purchases shall be accomplished in a manner customary to the market place using sound business practices. Documentation should be attached to the requisition and be maintained on file for audit purposes.
  - (b) Purchases under \$25,000 - Price quotes must be obtained on all purchases where the amount exceeds \$5,000 but is less than \$25,000. Such quotes should be sought from three or more vendors, either by telephone or in writing. Documentation should include date, vendor name, contact person and telephone number  
  
and be attached to the requisition or be maintained on file for audit purposes.
  - (c) Purchases of \$25,000 or more shall be based on written specifications and on a solicitation /award process which recognizes competitive price, responsiveness to specifications, and reputation of

vendors. Such procedures are not applicable to merchandise for resale. Offers should generally be sought from three or more responsible vendors.

2. Computer Equipment (Hardware and Software)

- a. The purchase of computer hardware and software for CPC operations shall be compatible with program or project goals and objectives, be within the approved budget, reviewed by the CPC Data Processing Manager, and consistent with University procedures.

3. Exceptions to Bidding

- a. Food Stuffs and Seasonal Commodities - The purchase of food stuffs and seasonal commodities 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.
- b. Bookstore and Resale Merchandise - The purchase of textbooks, certain technical material and resale merchandise shall be made on the basis of quotations from several reliable and convenient sources of supply where practical. Awards shall be made on terms most advantageous to the CPC based on quality, price, service and marketability.
- c. Agricultural Purchases, Feed, Breeding Stock, Livestock and Related Supplies. Purchase 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.

The purchase or sale of commercial products to CPC or CSU employees must have the concurring approval of the dean or administrative equivalent.

4. Authority to Purchase

- a. Prior management approval is required if a contemplated purchase is not within an approved operating guideline budget.
- b. Purchases of \$5,000 or less may be approved by the appropriate budget manager, administrator or their designee.
- c. Purchases in excess of \$5,000 must receive approval of the Executive Director, Associate Executive Directors, Director of Financial Services, or their designee.

- d. Confirming purchase orders may be approved under unusual circumstances when time is of the essence. Such purchases must be approved by the appropriate budget manager, administrator or designee. In addition, if the purchase exceeds \$5,000 it must be approved by the Executive Director, Associate Executive Directors, Director of Financial Services, or their designee.
- e. Local purchases of \$100 or less may be made via Petty Cash.
- f. Purchases from contract and grant funds shall be approved in accordance with the sponsoring agency's contract.
- g. Equipment purchases, (excluding grant and contract purchases) in excess of \$25,000 shall be approved by the Board of Directors. Under emergency conditions or unusual circumstances, such approval is granted to the Executive Director with a subsequent report to the Board of Directors.
- h. Equipment purchases under approved grant or contract shall be governed by conditions of the executed grant or contract.
- i. Purchase of food stuffs and commodities, Bookstore merchandise, UGS, Agriculture and Sponsored Programs shall be approved by the appropriate manager or their designee within the parameters of their respective operating guideline budgets.
- j. Standing purchase orders may be used for routine, repetitive purchases from the same vendor. Standing purchase orders may not be used to purchase equipment or to circumvent this policy statement.
- k. The purchase of "services from" faculty or staff shall be conducted in a manner which constitutes "an arm's length transaction." Confirming purchase orders shall not be used for the purchase of services or equipment.

**C. Implementation**

The Executive Director is charged with the responsibility of implementing this statement through management guidelines.