

COLORADO STATE UNIVERSITY PURCHASING MANUAL

I. PURPOSE

The purpose of this Purchasing 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 Procurement and Contracting Services (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 procure-to-pay process to understand and comply with all applicable rules and regulations. Compliance guidance is contained within this Manual and other published University resources and from Procurement and Contracting Services through training and 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, regardless of amount.

- B. Purchases funded from all sources are required to comply with all University and state policies and procedures.
- C. An emergency is defined by CSU Procurement Rule V.C.2 and State Fiscal Rule 2-2, section 2.6 as “an unexpected event creating an immediate threat to the public health, welfare, or safety, the functioning of government, or the preservation or protection of property, which requires an immediate response. 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. Emergency Procurements do not include those procurements that need to be rushed because of an avoidable failure to plan ahead, the end of the fiscal year or the end of a grant/contract procurement.
- 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 unless otherwise specified in the contract. 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, must be approved in advance and must contain certain required provisions regarding availability of appropriations and funding for future years.
- E. 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. The University’s Surplus Property department can assist you with finding acceptable surplus equipment, furniture or goods.
- F. 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. Use of a University-issued credit card

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(PCARD) to purchase goods or services for personal use is prohibited, just as for any other payment method, and may result in revocation of the card and purchasing privileges as well as civil and criminal penalties.

V. RESPONSIBILITIES

- A. The Office 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 purchases made by Automatic Purchase Order (APO), Procurement Card (PCARD), Disbursement Voucher (DV) or Internal Order (IO) to prevent abuse or noncompliance of purchasing policies and procedures.
 4. Research new products, markets, vendors and resources, including cooperative or group purchasing organizations (GPOs), state and federal price contracts, and strategic sourcing opportunities.
 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 University owned goods/materials by assisting in the reassignment surplus items.
 9. Assist in the transfer, trade-in or disposal of surplus property, as may be requested by CSU's Surplus Property personnel.
 10. Perform any other responsibility in relation to acquiring goods and services and the sale or licensing of certain University goods and services to others, as directed by the Vice President for University Operations.

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11. Administer and monitor the University's Procurement Card Program (PCARD).
- 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.
- 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 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 by the Director of Procurement and Contracting Services or authorized higher officials.
- E. Departments should ship and receive all materials through the CSU Central Receiving Department. If emergencies, size or location of item, etc., make central processing

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impractical, the department should coordinate with the Central Receiving prior to ordering to determine the best 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, or appears to have, a personal or private interest in a University purchasing action in which the employee participates, directly or indirectly. Conflicts of interest include those in which an employee or employee's family member acts as a seller, a broker, or the agent of a seller or broker, or takes any action in his or her official capacity to direct University business to a person or entity with whom the employee has a financial relationship.
- 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 REQ, or in the case of an APO or PCARD transaction, before initiating that transaction. When Procurement and Contracting Services has reason to believe that a conflict of interest may exist in the procurement of goods or services that 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 and, in appropriate cases, the approval of the appropriate Vice President to proceed. PCS does not provide or create COI management plans; please refer to the COI procedures on the Provost Office 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 regarding conflict of interest/confidentiality.
- 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

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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. Amendment 41 to the Colorado constitution was passed by ballot initiative in 2006. It placed new restrictions on gifts given to Colorado public officials, government employees, and their immediate family members. Such persons are prohibited from receiving gifts with an aggregate value exceeding \$50. Gifts from lobbyists are banned regardless of amount. An exception is made for gifts given between personal friends and relatives on special occasions. Accepting any gift in connection with any procurement or contract action of the University may be a violation of Colorado law under the provisions of Amendment 41 and other state laws, and may result in employment disciplinary action and civil and criminal penalties.
- C. 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.
- D. 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 an employee on the University payroll, and contracted services provided by individuals or firms on an independent basis. It is important that departments requiring a personal service recognize the differences in classification, relationships and use of employees and independent contractors. In general, the University is prohibited from acquiring by independent contract, those services which would otherwise be provided by state classified personnel, except under certain circumstances defined by statutes and regulations. 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,

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chemicals, glassware, tax-free alcohol for research, certain hazardous materials, facilities maintenance supplies, etc. Services available include, 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 unless a Conflict of Interest disclosure form has been filed, a COI Management Plan has been approved, and the Vice President for Research and Engagement or the Provost/Executive Vice President has approved the transaction.
- 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.

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.

Generally, departments are authorized to make purchases less than \$5,000 from vendors, and all interdepartmental purchases (IO), to save time and paperwork. The Office 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, type of goods or services required, and type of supplier generally determines the method of solicitation and documentation to be used when obtaining goods and services. When appropriate an Automatic Purchase Order, Internal Order, Disbursement Voucher, PCARD, 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).

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Small-Dollar purchases are defined as follows: Small dollar purchases are those purchases where it is NOT anticipated that future (in the fiscal year) purchases of like or similar goods or services will be needed, OR if it is anticipated, that any future recurring (in the fiscal year) purchases will remain small, cumulatively \$5,000 or less. The reasoning behind this rule is that small transactions that are recurring can add up to large purchases and would be subject to competitive bidding in order to comply with procurement and fiscal rules and to assure maximum value to the University.

- a) Automatic Purchase Order: University departments are delegated the use of the Automatic Purchase Order (APO) via the CSU Financial System for small-dollar purchases totaling \$5,000 and less.
 - b) Disbursement Voucher (DV): University departments are delegated the use of the DV via the CSU Financial System for purchases totaling \$5,000 and less. The DV is a check request document only and should not be used as a purchase order.
 - c) The University Procurement Card (PCARD) 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 Procurement and Contracting Services) when the use of an APO or catalog vendor through the CSU Marketplace e-Procurement System (SciQuest®) is not viable. For assistance in determining whether a catalog order may be made before using a PCARD, contact PCS.
2. Purchases of goods totaling more than \$5,000: Submit an approved requisition (REQ) to 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 requisition (REQ) to Procurement and Contracting Services for purchases of services totaling more than \$5,000.
- C. Goods and services from University departments. Use an Internal Order (IO) to request, authorize and pay for goods and services purchased from University departments. There is no requirement to seek competition for such purchases from external vendors, and in some cases, it may be required that a waiver be obtained before obtaining goods and services from vendors rather than from the University itself.

X. SPECIAL ACQUISITIONS

- A. Leases and rental of equipment. Coordinate lease and rental equipment with the Department of Procurement and Contracting Services, which negotiates and signs all lease and rental

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agreements, regardless of dollar amount. Copies of fully signed agreements should be retained in both Procurement and Contracting Services and department files.

- B. Maintenance Agreements. Request a Maintenance Agreement (contract) for equipment and software through Procurement and Contracting Services.
- C. Contracts. Coordinate all contracts with the Contracts Manager, Office of Procurement and Contracting Services.
- D. Consignments. Coordinate consignment of goods or equipment with 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 Procurement and Contracting Services for authorized University requirements. Present an "affidavit for use of tax free alcohol" and Internal Order (IO) to Central Receiving to pick up alcohol.
- F. Purchase of controlled drugs. Requisitions for narcotics and drugs, under the federal Controlled Substances Act of 1970, shall be approved by the Colorado State University Drug Review Committee prior to making the purchase. Neither the Disbursement Voucher (DV) nor the PCARD are authorized 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.
- H. Purchase of subscriptions. Magazine and newspaper subscriptions (excluding library subscriptions) may be purchased with an APO or PCARD within established dollar limits or a REQ if the purchase exceeds either the APO or PCARD 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 APO or PCARD within established dollar limits or a REQ if the purchase exceeds either the APO or PCARD limits
- K. Radioactive Isotopes. Requisitions for radioactive chemicals must be approved by the Radiation Control Officer in Environmental Health Services before Procurement and Contracting Services can process a Purchase Order.

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- 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 APO or PCARD within established dollar limits, or a REQ if the purchase exceeds either the APO or PCARD limits.
- N. Animal purchases. Purchase 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. Submit a requisition for the purchase of animals used for food and fiber research, horses for animal sciences-related courses or production research. Departments are required to use the appropriate object code, 6227 for research acquisition or 6228 for production acquisition, for these purchases; however, the Animal Care Use Committee (ACUC) must approve a protocol to use these animals for research purposes.

XI. PURCHASING STATUS INFORMATION

Methods for determining the status of purchasing documents after they have been initiated are found within the Quali Financial System.