



COLORADO STATE UNIVERSITY
SYSTEM

Colorado State University • Colorado State University - Pueblo • CSU - Global Campus

Colorado State University System Office
Procurement Rules
and
Purchasing Procedures

Issued
January 2008
and
Updated
August 1, 2011

PURCHASING PROCEDURES

HISTORY

Pursuant to C.R.S. 24-30-202 (SB10-003), subsection (13) on August 12, 2010 the Board of Governors of the Colorado State University System (CSU System) enacted a resolution approving and allowing Colorado State University System Office, Colorado State University, Colorado State University-Pueblo, and Colorado State University-Global Campus to opt out of the State Fiscal Rules and authorizing the development of the CSU System's own fiscal rules. Further by Board resolutions in December, 2007 and August, 2010 the Board elected to exempt the CSU System and its constituent institutions out of the State Procurement program, definition of "Governmental Body," and State Procurement and Travel Card programs as listed in C.R.S. 24-101-105(1)(a)(VII)(b) (HB04-1009), 24-101-301 (10)(a), and 24-102-207(2) (HB10-1181). Resolutions and related notices are contained in the appendix

GENERAL

When purchasing goods or services, staff should remember that the overall goal of the System is to procure the best possible product or service that aids in maximizing the efficiency and effectiveness of the office, while minimizing costs. The procurement of goods and services should be fair and impartial providing an opportunity for all qualified vendors to participate. Procurement is delegated to those authorized by the chart below. Purchases above \$50,000 also require approval of the Chief Financial Officer. Supervisory staff who have been delegated the necessary authority are authorized to approve purchases and determine the type of competition or most appropriate selection methods under this amount.

DEFINITIONS

As used in these CSUS Office Procurement Rules, the following definitions shall apply:

1. Board shall mean the Board of Governors of the Colorado State University System.
2. Chief Financial Officer is the person designated by the board to handle the global financial condition of the CSU System and work with outside agencies and entities on budgetary and financial matters.
3. Commitment Voucher: Commitment vouchers include any approved form of procurement card, purchase order, contract, travel authorization, advice of employment, employment contract, grant contract, license agreement, or other written authorizations for disbursement

4. Competition/solitation for goods and services shall mean that a Head of Office, Director, Chancellor, or Chief Financial Officer shall follow the procedures as listed under “VENDOR SOLICITATION FOR GOODS OR SERVICES.”
5. Contract shall mean a legally binding document prepared by the vendor or the Office of General Counsel that both the purchaser and vendor agree to and that meet all legal requirements for such a document as may be required by the office of General Counsel or statute.
6. CSU System (“CSUS”): The Board and all entities under the control of the Board, including (but not limited to) the CSU System Office, Colorado State University, Colorado State University-Pueblo, and Colorado State University-Global Campus.
7. Colorado State University System Office is comprised of the Office of the Chancellor, Office of the Executive Secretary to the Board of Governors, the Office of General Counsel, and the Division of Internal Audit.
8. Controller: the official who is designated by the President, Chief Financial Officer, or other official having the authority to make such a designation, to serve as the controller for each Institution and the System Office, respectively. If an Institution or the System Office does not have an official designated as its Controller, then “Controller” shall refer to its chief financial officer (CFO).
9. Head of Office or Director refers to the person in charge of each respective office within the CSU System Office.

PROCUREMENT AND PURCHASING GUIDELINES

These procedures are written to guide procurement by the Colorado State University System Office (CSUS) for goods and services. CSUS is not required to follow the state procurement code (24-101 et. al.C.R.S.), or State Fiscal Rules as provided by 24-30-202(13)(b) C.R.S. but all purchases must meet the current CSU System Office procurement rules listed in this manual and relevant provisions of the CSU System Fiscal Rules

CODE OF ETHICS

1. In making purchasing decisions, staff will make every effort to determine the product or service for the office that maximizes the efficiency and effectiveness of operations while striving for the best price.
2. Staff will avoid the appearance or intent of unethical or compromising practice in relationships, actions, and communications.
3. Staff will avoid any personal business or professional activity that would create a conflict between personal interests and the interests of the employer.
4. Individuals in their professional capacity may not solicit or accept money, loans, credits, goods, or preferential treatment that have a value of fifty dollars (\$50) or more from present or potential suppliers in accordance with Amendment 41 and implementing policies and rules.
5. Staff is expected to handle confidential or proprietary information with due care and proper consideration of ethical and legal ramifications. Should staff have any concerns in this area they shall consult with the Office of General Counsel.
6. Colorado State University System Office prefers to do business with Colorado firms if they provide the best procurement option.
7. Staff is prohibited from doing business with family, close friends, or relatives.

TYPES OF ORDERS

GOODS

Are products that are needed by CSU System Office staff to complete their work, produce items related to their jobs, or for awards and other official functions. Goods do not include vendor services for consulting, labor, or personal services. Goods with a value less than \$50,000 may be purchased without benefit of competition but competition is encouraged for purchases above \$25,000.

Appropriate staff working with supervisors, head's of each office, or the Chancellor are responsible for handling and preparing all necessary paperwork for the System. If the procurement is less than or equal to \$5,000 an invoice from the vendor, or other form of commitment voucher may be used in lieu of a purchase order.

Appropriate staff must prepare a Purchase Order, if the purchaser makes such a request or the vendor requires a purchase order. Goods over \$5,000 require a Purchase Order. Goods over \$50,000 require a contract. If the vendor doesn't accept the procurement card, an employee, after receiving authorization from appropriate staff, may procure commodities up to \$5,000 and provide the invoice, e-mail or memo to the accounting unit as the commitment document. An office supervisor's signature is required.

SERVICES

Services means the furnishing of labor, time or effort by a contractor not involving the delivery of a specific good, other than reports which are merely incidental to the required performances.

When purchasing one-time non-recurring services, that are valued under \$50,000 competition is not required but is encouraged if above \$25,000. In such cases, while competition is not required, it is encouraged, particularly in cases where current market pricing is not known. If a purchaser desires to put an item out for bid, the purchaser must develop a set of specifications to be used by appropriate staff to solicit a bid. Staff are responsible for application of the standards of what is reasonable and prudent under the circumstances. Services greater than \$5,000 requires a Purchase Order.

Purchase of most services less than \$5,000 can be done using the procurement credit card. If the vendor doesn't accept the procurement card, the authorized employee can procure services under \$5,000 and provide the invoice, e-mail or memo to the accounts payable unit as the commitment document. Such procurement must be approved by the Controller.

PERSONAL SERVICES CONTRACTS

Personal service contracts are used when a personal service is purchased by the System and where they are to receive direct benefit. Individuals or firms performing these types of services are considered independent contractors and are not considered employees of the state. A purchase order may be used for any personal services that are \$50,000 or less. For personal services that are \$50,000 or more, a contract must be negotiated and executed. Under Colorado Revised Statutes 24-101-105 the System has been granted authority to enter into agreements outside the “Procurement Code”.

Pursuant to Colorado Revised Statutes 24-50-508 (2011); for any personal services contracts implicating the state personnel system, such contracts must be approved by the Chancellor or the Chief Financial Officer. Any request for such a contract must be submitted with written justification showing the conditions set forth in C.R.S. 24-50-503 have been met or satisfied.

PURCHASING APPROVAL LEVELS

Dollar Amount	Required Commitment Voucher	Who Approves
\$0 - \$5,000	Procurement card or Purchase Order	No advance approval required but on-going review of purchases by Immediate Supervisor.
\$5,000 to \$50,000	Purchase Order	Director, Chancellor, or Head of Office
Greater than \$50,000	Contract	Director or Chancellor and Chief Financial Officer with independent review by the Office of General Counsel.

SOLICITATION REQUIREMENTS

Dollar Amount	Required Type of Competition
\$0-\$5000	None
\$5,000-\$25,000	None
\$25,000-\$50,000	Encouraged, but not required
\$50,000 above	Formal solicitation for services

VENDOR SOLICITATION FOR GOODS OR SERVICES

Any goods or services anticipated to be over \$50,000 must be solicited from at least three vendors if at all possible. Telephone solicitations are acceptable in lieu of a formal request for proposal, request for information, or other typical procurement process. Whatever form of solicitation used, notification of such must be posted on the CSU System office website for at least 7 days. Purchasers should ensure the purchase is within their approved budget. Solicitation is encouraged, but not required for any good or service above \$25,000 but less than \$50,000.

SOLE SOURCE VENDOR AWARDS AND AGREEMENTS

In rare instances the use of a specific vendor with unique knowledge, skills, or talents may be necessary. If such is the determination by a supervisor, then the supervisor shall supply the Chief Financial Officer of the CSU System a justification as to why the vendor is needed and why the proposed goods and services are best supplied by such vendor.

If a sole source vendor agreement has been awarded through a purchase order or contract it may only be renewed for two additional fiscal years following the first year award. At the end of the third fiscal year a solicitation for services must be completed for these types of goods or services and must be completed before services can be rendered.

PURCHASE ORDERS

Any purchase of goods or services over \$5,000 requires the use of a purchase order which must be set up and issued PRIOR to such purchase. The purchase order shall count as a commitment voucher as required by law. All purchase orders issued for services must include a "scope of work" to be completed by the vendor and in which measurement of their services may be measured against. The maximum amount of a purchase order is \$50,000.

CONTRACTS

Any purchase of goods or services that exceeds \$50,000 must be completed by contract and the state contracting provisions included as an addendum unless otherwise approved by the Office of General Counsel. Purchase orders may not be used as a substitute.

UNAUTHORIZED PURCHASES

An unauthorized purchase is a procurement made before the commitment document is completed. Unauthorized purchases are prohibited and may result in the loss of purchasing privileges.

RECURRING Vs NON-RECURRING PURCHASES

Generally, the determination of whether a purchase is recurring or non-recurring should be made based on the intent of the purchaser and the information available at the time of the order. If the purchaser knows that the goods or services are going to be needed on a continuous basis throughout the fiscal year, procurement should be made for the entire amount needed for the fiscal year and a written agreement with the vendor for just-in-time delivery of the purchase should be part of the agreement. Payment upfront for the entire order is not allowed. If the purchaser does not anticipate ordering the goods or services again, procurement should be made for the current order only. In this case, procurement may be made for the same commodity or service in the future, but the purchaser will monitor all purchases to ensure that they are not intentionally divided up in order to be under dollar thresholds

BACKUP DOCUMENTATION FOR PURCHASES

Any selection documentation relating to a purchase, such as quotes from vendors, e-mails, or written correspondence must be kept for a period as required by law and are open for public inspection. It is the responsibility of each “office” within the CSU System Office to retain the documentation of purchases they have made.

FILLING OUT THE PURCHASE ORDER

Contact appropriate staff to acquire the necessary paperwork.

PROTESTS

Protests from vendors on the awarding of goods and services will be handled by a designated system employee not involved in the disputed bid/procurement.

VENDOR AGREEMENTS

Do not sign a vendor contract service agreement or maintenance agreement. Vendor agreements cannot be executed in lieu of a purchase order or state contract, where one is required, but may be included only as an attachment for reference purposes.

STATE PRICE AGREEMENTS

The use of State Price Agreements is optional for procurements by the System. These are contracts established by the Division of Purchasing between the State and vendors. Procurement from a price agreement for commodities or services may be made up to the dollar or quantity limit stated on the price agreement, if any.

INCREASES TO PURCHASE ORDERS

When additional funds need to be spent on previously approved purchase orders that is permissible if a reasonable justification can be provided to the Chief Financial Officer. To initiate the necessary paperwork contact the appropriate staff.

TIME FRAMES TO PLACE ORDERS

Purchasers should allow sufficient time for obtaining authorizing signatures, and paperwork.

INSURANCE REQUIREMENTS

There is no statutory requirement for insurance by vendors or independent contractors. It is good business practice to require proof of insurance for worker's compensation and general liability if sufficient risk exists. By not requiring insurance the System is accepting a high level of liability. Insurance is not required for deliveries.

When checking insurance certificates, note whether the name is the same as the vendor, the effective date, and the amount of coverage. If questions arise, please review the documents with senior management.