



## Chapter 5 - Administration

**Procedures 5.14.5 Purchasing for Board Policy 5.14****Part 1. Purpose**

To provide a framework for making purchases within the Minnesota State colleges and universities system. This procedure outlines the authority, processes, and requirements for purchasing, ensuring compliance with state laws and fiscal responsibility, and includes guidelines on purchase preparation, solicitation of bids, and purchasing from targeted group businesses to promote ethical and efficient procurement practices.

**Part 2. Authority**

Board Policy 5.14 Procurement and Contracts delegates to the chancellor authority to develop procedures for making purchases (Minn. Stat. § 471.345 Uniform Municipal Contracting Law or other authority granted in Minn. Stat. § 16A, 16B, and 16C).

**Part 3. Purchasing Authority**

Colleges, universities, and the system office have authority to make purchases up to \$100,000 without the approval of the vice chancellor for finance and facilities (VC-CFO). Each college and university, in consultation with the system office, shall develop procedures for making purchases.

Purchasing contracts of any value with a term in excess of five years require approval by the VC-CFO.

**Part 4. Definition****Purchasing Contract**

Any agreement, such as a purchase order, statement of work, or a work order, entered into by a college, university or the system office for the sale or purchase of supplies, materials, equipment, or the rental thereof. Throughout this document, purchasing contracts will be referred to by the terms purchasing and purchases.

32 **Part 5. Purchasing Preparation**

33 Purchases must be prepared on forms approved by Minnesota State to ensure that they include  
34 all state-required contract language. Any modification of forms approved by Minnesota State,  
35 or the use of a non-Minnesota State form requires the review by Minnesota State legal counsel  
36 and approval of the VC-CFO. Minnesota State legal counsel includes either the Minnesota State  
37 General Counsel's Office or the Minnesota Attorney General's Office.

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39 **Part 6. Purchasing Requirements**

40 Minnesota State is required to follow the purchasing requirements as defined in Minn. Stat. §  
41 471.345 Uniform Municipal Contracting Law or other authority granted in Minn. Stat. § 16A,  
42 16B, and 16C and referred to in the following subparts. All contract values in this part 6 refer to  
43 Total Contract Value (TCV).

44

45 **Subpart A. Purchases of less than \$50,000**

46 If the amount of the purchase is estimated to be less than \$50,000, the purchase may be  
47 made either upon quotation or in the open market, at the discretion of the college,  
48 university, or system office. If the purchase is made upon quotation, it must be based,  
49 so far as practicable, on at least two (2) quotations which must be kept on file for a  
50 period of at least one year after receipt or as according to an applicable record retention  
51 schedule approved by the State Records Disposition Panel. Quotations may be obtained  
52 by telephone or in written form via facsimile (FAX), delivery service, or the Internet.  
53 Quotations must have a specified date and time for submission. Each institution shall  
54 determine a level at which written quotes will be required. The record to be retained  
55 must include the names of vendors providing quotes, amounts of quotations, and each  
56 successful quote signed and dated.

57

58 **Subpart B. Purchases over \$50,000 and less than \$100,000**

59 If the amount of the purchase is estimated to exceed \$50,000 but not to exceed  
60 \$100,000, the purchase may be made either upon sealed bids or by direct negotiation  
61 by obtaining two (2) or more quotations for the purchase or sale when practicable, and  
62 without advertising for bids or otherwise complying with the requirements of  
63 competitive bidding. Quotations must be kept on file for a period of at least one year  
64 after receipt or, as according to an applicable record retention schedule, approved by  
65 the State Records Disposition Panel. Quotations may be obtained by telephone or in  
66 written form via facsimile (FAX), delivery service, U.S. mail or Internet. Quotations must  
67 have a specified date and time for submission. If quotations are obtained by telephone,  
68 they must be followed up with a signed quote. The record to be retained must include  
69 the names of vendors providing quotes, amounts of quotations, and each successful  
70 quote signed and dated.

71

72 **Subpart C. Purchases of \$100,000 or greater**

73 If the amount of the purchase is estimated at \$100,000 or greater, sealed bids must be  
74 solicited by public notice as provided in Part 7. Bids and documents pertaining to the  
75 award of the purchase must be retained and made a part of the permanent file or as  
76 according to an applicable record retention schedule approved by the State Records Disposition  
77 Panel. The record to be retained must include the names of vendors providing bids,  
78 amounts of bids, and each successful bid signed and dated.

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80 Bid solicitation is not required for purchases from Minnesota Department of  
81 Administration master contracts, MN.IT Services master contracts, Minnesota State  
82 master contracts, or through cooperative purchasing agreements listed on the  
83 Minnesota State official web site and authorized for use by the colleges and universities.

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85 Purchases over \$100,000 require written approval from the VC-CFO. Colleges,  
86 universities, and the system office shall submit a request for VC approval explaining the  
87 need for the purchase, the purchase amount, must verify that funds are available for  
88 paying for the purchase, and must describe what process will be used in making the  
89 award. The VC-CFO will review the request and respond in writing.

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91 **Subpart D. Purchases \$1,000,000 or greater and less than \$3,000,000**

92 • The chancellor or chancellor's designee shall consult with the Board of Trustees'  
93 Chair and the Chair of Finance and Facilities Committee on all system office  
94 purchases with a value greater than or equal to \$1,000,000 and less than  
95 \$3,000,000. The proposed purchase will either be executed after this  
96 consultation and then reported to the board at its next scheduled meeting or will  
97 be brought to the board for approval before the purchase is executed.

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99 • The chancellor or the chancellor's designee must report any college or university  
100 purchase with a value equal to \$1,000,000 and less than \$3,000,000 to the board  
101 at its next scheduled board meeting following the execution of the purchase. The  
102 chancellor or the chancellor's designee may also decide to bring the proposed  
103 purchase to the board for approval before the purchase is executed.

104 **Subpart E. Single Source**

105 Single source designation is applied to an acquisition where, after a search, only one  
106 supplier is determined to be reasonably available for the required product, service, or  
107 construction item. Minn. Stat. § 16C.02, subd. 18.  
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- 109           • For proposed single source purchases less than \$100,000, the request form for a  
110           single source exception must be completed and approved by the institution's  
111           chief financial officer. For proposed single-source contracts \$100,000 or greater,  
112           the request form for a single-source exception must be completed and approved  
113           by the VC-CFO prior to purchase approval.  
114

115           **Subpart F. Minnesota Department of Human Rights**

116           Bids or proposals for purchases exceeding \$100,000 must not be accepted or awarded  
117           to any consultant, contractor, vendor, or supplier who has not obtained the required  
118           certificate or received an exemption.

119           1. **Businesses with more than 40 employees within Minnesota**

120           Consistent with Minn. Stat. § 363A.36, vendors who intend to bid on any  
121           purchases or contracts exceeding \$100,000 and who have had on any single  
122           working day in the previous twelve (12) months more than forty (40) full-time  
123           employees within Minnesota must apply for a Workforce Certificate from the  
124           Minnesota Department of Human Rights. Bids or proposals on purchases or  
125           contracts exceeding \$100,000 from vendors who have not applied for this  
126           certificate must not be accepted. An award exceeding \$100,000 must not be  
127           made to vendors who have not obtained this certificate or received an exemption.

128           2. **Businesses with more than 40 employees outside Minnesota**

129           Consistent with Minn. Stat. § 363A.36, vendors who do not have more than forty  
130           (40) full-time employees in Minnesota, but who have had on any single working  
131           day in the previous twelve (12) months more than forty (40) full-time employees  
132           in the state in which their principal place of business is located, must have a  
133           Workforce Certificate or must certify that the business is in compliance with  
134           federal affirmative action requirements in order to receive a contract award  
135           exceeding \$100,000.

136           3. **Equal Pay**

137           Pursuant to Minn. Stat. § 363A.44 Subd. 8, if the amount of the contract is  
138           valued in excess of \$500,000 and the contractor has forty (40) or more full-time  
139           employees in Minnesota or a state where the business has its primary place of  
140           business on any single working day during the prior twelve (12) months, the  
141           contractor must obtain an Equal Pay Certificate from the Minnesota Department  
142           of Human Rights (MDHR) or claim an exemption on the Declaration Page prior to  
143           contract execution.  
144

145           **Subpart G. Exceptions to vice chancellor approval**

146           Written approval from the VC-CFO is not required for the following types of purchases  
147           where the Total Contract Value of the purchase is less than or equal to \$1,000,000.

- 148                   1. Utility services provided annually where no competition exists or where rates are  
149                   fixed by law or ordinance.  
150                   2. Merchandise purchased for resale.  
151 VC-CFO approval is not required for blanket encumbrances established for purchasing  
152 card programs; however, individual purchases made using purchasing cards are subject  
153 to the purchasing requirements within Part 5 of this procedure.  
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#### 155 **Part 7. Encumbrance**

156 Funds must be encumbered prior to making an obligation through an authorized employee  
157 certifying that the accounting system shows sufficient allotment or encumbrance balance in the  
158 fund, allotment, or appropriation to meet it. An expenditure or obligation authorized or  
159 incurred prior to encumbering funds is in violation of state law and ineligible for payment until  
160 made valid and is in violation of Minn. Stat. § 16A.15, Subd. 3. An employee authorizing or  
161 making the payment, or taking part in it, may be liable to the state for the amount paid. A  
162 knowing violation of Minn. Stat. § 16A.15, Subd. 3, is just cause for the employee's removal.  
163 The state cannot agree to indemnify third parties or hold them harmless (Minn. Stat. § 16A.138;  
164 Minn. Const. Art. XI, Sec. 1). See Procedure 7.3.3 Credit Cards for requirements of credit card  
165 purchasing.  
166

#### 167 **Part 8. Prepayment**

168 Minn. Stat. § 16A.41, Subd. 1, prohibits Minnesota State from paying in advance, except set  
169 forth in Minn. Stat. § 16A.065.  
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#### 171 **Part 9. Solicitation of Bids**

172 For purchases anticipated to exceed \$100,000 in TCV, sealed bids must be solicited by public  
173 notice through publishing a minimum two (2) week notice on a State of Minnesota website or  
174 in one or more official newspaper(s). The official newspaper may be the State Register. In  
175 addition to the public notice, sealed bids may be solicited by directly notifying prospective  
176 bidders not less than seven (7) days before the final date of submitting bids. This notice must  
177 state the time and place of receiving bids and contain a brief description of the subject matter.  
178 A bid containing an alteration or erasure must be rejected unless the alteration or erasure is  
179 crossed out and the correction printed in ink or typewritten adjacent to it and initialed in ink by  
180 the person signing the bid. If bids are not submitted electronically, the bids must be sealed and,  
181 when they are read, must be opened in public at the hour stated in the notice.  
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183 All sealed bids and quotations obtained must be kept on file until audited, but not less than one  
184 year or as according to an applicable record retention schedule approved by the State Records  
185 Disposition Panel.  
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#### 187 **Part 10. Purchases from Targeted Group Businesses (TGBs)**

188 Purchasing practices will include provisions for procurement from TGBs as set forth in Board  
189 Procedure 5.14.6 and related Policy 5.14

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191 **Part 11. Code of Ethics**

192 All system employees engaged in contracting and purchasing are subject to Minnesota law  
 193 applicable to state employees, including Minn. Stat. §§ 15.43, 43A.38, 43A.39, and System  
 194 Procedure 1C.01.

195

196 **Part 12. Accountability**

197 The chancellor for the system office and the president of each college and university must  
 198 designate an employee who will have overall responsibility for complying with state and federal  
 199 laws, board policy, and across the colleges and university procedures for all purchases.

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**Related Documents:**

[Policy 5.14](#) Contracts, Procurements, and Supplier Diversity

[Procedure 5.14.5](#) Purchasing

[Procedure 5.14.6](#) Supplier Diversity

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***Procedure History***

*Date of Adoption:* 07/01/1996

*Date of Implementation:* 07/01/1996

*Date of Last Review:* 05/09/2024

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201 **Date and Subject of Amendments:**202 *05/09/2024* – Amended to include several key changes and enhancements:

- 203 1. **Revision of Sealed Bid Threshold:** The financial limit requiring sealed bids via public notice has  
 204 been raised from \$50,000 to \$100,000.
- 205 2. **Adjustment of Purchasing Threshold for Quotations:** The threshold for necessitating quotations  
 206 has been increased from \$25,000 to \$50,000. Consequently, purchases equal to or less than  
 207 \$50,000 now require at least two quotations.
- 208 3. **Modification of Threshold for Sealed Bids or Direct Negotiation:** The purchasing dollar  
 209 threshold for mandating sealed bids or direct negotiation with a minimum of two sealed bids  
 210 has been revised from the range of \$25,000 to less than \$50,000 to now between \$50,000 and  
 211 less than \$100,000.
- 212 4. **Integration of Definitions for Clarity:** To enhance the procedure's clarity and ease of  
 213 interpretation, a new definition for the term 'purchasing contract' has been added.
- 214 5. **Board Consultation Requirements:** A new requirement has been established for Board  
 215 consultation on all system office purchases valued between \$1,000,000 and \$3,000,000.
- 216 6. **Clarification on Single Source Contracting Exceptions:** The procedure now includes clearer  
 217 guidelines for the use of single source exceptions in contracting processes.
- 218 7. **General Procedure Modifications:** Various modifications have been made to enhance the clarity  
 219 and applicability of the procedure.

*05/17/16 - Amended to comply with policy 5.14. Amended Part 4, subpart C to require single source exception form be used for purchases over \$50,000. Added Part 4, subpart D3, exceptions to vice chancellor approval. Amended Part 6 to allow prepayments for services and fees in accordance with Minn. Stat. § 16A.065. Deleted Part 8 Rental of Equipment under \$60,000 and Part 9 Computer Equipment. Made formatting changes for consistency between other policies and procedures.*