



Minnesota State Colleges and Universities
System Procedures
Chapter 5 – Administration
Procedures associated with Board Policy 5.14

5.14.5 Purchasing

Part 1. Authority

Board Policy 5.14 Procurement and Contracts delegates to the chancellor authority to develop procedures for making purchases.

Part 2. Purchasing Authority

State colleges and universities have authority to make purchases up to \$100,000. Each college and university, in consultation with the system office, shall develop procedures for making purchases.

Purchases over \$100,000, other than the exceptions noted in Part 4, subpart D, must be reviewed and approved by the vice chancellor-chief financial officer. Colleges and universities shall submit a memorandum explaining the need for the purchase, the proposed process to be used in selecting a vendor, and estimated cost, and shall verify that funds are available for paying the vendor. The vice chancellor-chief financial officer will review the memorandum and respond in writing to the college or university. Purchasing contracts requiring vice chancellor-chief financial officer approval include consecutive single-year contracts with the same vendor and contracts with amendments which, when added together, exceed \$100,000.

Purchasing contracts of any value with a term in excess of five years require approval by the vice chancellor-chief financial officer.

Part 3. Purchasing Contract Definition

Purchases must be prepared on forms approved by the system office to assure that they include all state-required contract language. Any modification of forms approved by the system office or the use of a non-system office form requires the review by system legal counsel and approval of the vice chancellor-chief financial officer. System legal counsel includes either the Minnesota State Colleges and Universities General Counsel or the Minnesota Attorney General's Office.

A purchasing contract means any agreement such as a purchase order or a field order entered into by the system office, college, or university 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.

Part 4. Purchasing Requirements

Minnesota State Colleges and Universities is required to follow the purchasing requirements as defined in Minn. Stat. § 471.345 Uniform Municipal Contracting Law or other authority granted in Minn. Stat. § 16A, 16B, and 16C and referred to in the following subparts.

Subpart A. Purchases of \$25,000 or less

If the amount of the purchase is estimated to be \$25,000 or less, the purchase may be made either upon quotation or in the open market, at the discretion of the system office, college, or university. If the purchase is made upon quotation, it shall be based, so far as practicable, on at least two (2) quotations. Quotations may be obtained by telephone or in written form via facsimile (FAX), delivery service, or Internet. Quotations must have a specified date and time for submission. Each institution shall determine a level at which written quotes will be required. All quotations obtained must be kept on file until audited, but not less than one year. The record to be retained must include the names of vendors providing quotes, amounts of quotations, and each successful quote signed and dated.

Subpart B. Purchases over \$25,000 to \$50,000

If the amount of the purchase is estimated to exceed \$25,000 but not to exceed \$50,000, the purchase may be made either upon sealed bids or by direct negotiation by obtaining two (2) or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. Quotations may be obtained by telephone or in written form via facsimile (FAX), delivery service, U.S. mail or Internet. Quotations must have a specified date and time for submission. If quotations are obtained by telephone, they must be followed up with a signed quote. All quotations obtained must be kept on file until audited, but not less than one year. The record to be retained must include the names of vendors providing quotes, amounts of quotations, and each successful quote signed and dated.

Subpart C. Purchases over \$50,000

If the amount of the purchase is estimated to exceed \$50,000, sealed bids shall be solicited by public notice as provided in Part 7. Bids and documents pertaining to the award of the purchase shall be retained and made a part of the permanent file. The record to be retained must include the names of vendors providing bids, amounts of bids, and each successful bid signed and dated.

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

For proposed single-source purchases of goods and services over \$50,000, the request form for single-source exception must be completed.

Subpart D. Purchases over \$100,000

Purchases over \$100,000 require written approval from the vice chancellor-chief financial officer. Colleges and universities shall submit a memorandum explaining the need for the

purchase, and the purchase amount, shall verify that funds are available for paying for the purchase, and shall describe what process will be used in making the award. The college or university may proceed with the purchase upon approval of the memorandum.

1. Businesses with more than 40 employees within Minnesota

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

2. Businesses with more than 40 employees outside Minnesota

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

3. Exceptions to vice chancellor approval

Written approval from the vice chancellor-chief financial officer is not required for the following types of purchases where the value of the purchase is less than or equal to \$500,000.

1. Utility services provided annually where no competition exists or where rates are fixed by law or ordinance.
2. Merchandise purchased for resale.

Vice chancellor-chief financial officer approval is not required for blanket encumbrances established for purchasing card programs; however, individual purchases made using purchasing cards are subject to the purchasing requirements within part 4 of this procedure.

Part 5. Encumbrance

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

See Procedure 7.3.3 Credit Cards for requirements of credit card purchasing.

Part 6. Prepayment

Minn. Stat. § 16A.41, Subd. 1, prohibits the system office, or a college or university from paying in advance. The system office, colleges, and universities can only make prepayments for services or fees in accordance with Minn. Stat. § 16A.065.

Part 7. Solicitation of Bids

For purchases anticipated to exceed \$50,000 in total, sealed bids must be solicited by public notice through publishing a minimum two (2) week notice on a State of Minnesota website or in one or more official newspaper. The official newspaper may be the State Register. In addition to the public notice, sealed bids may be solicited by directly notifying prospective bidders not less than seven (7) days before the final date of submitting bids. This notice must state the time and place of receiving bids and contain a brief description of the subject matter. A bid containing an alteration or erasure must be rejected unless the alteration or erasure is crossed out and the correction printed in ink or typewritten adjacent to it and initialed in ink by the person signing the bid. Bids must be sealed and, when they are read, must be opened in public at the hour stated in the notice.

All sealed bids and quotations obtained shall be kept on file until audited, but not less than one year.

Part 8. Purchases from Targeted Group Businesses

Targeted group businesses are those meeting the definition in Minn. Stat. § 16C.16, Subd. 5. Purchasing practices will include provisions whenever practicable, for procurement from small targeted groups and economically disadvantaged businesses as defined in Minn. Stat. § 471.345, Subd. 8. Targeted businesses are certified as such and a list is available from the Department of Administration.

Part 9. Code of Ethics

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

Part 10. Accountability

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

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Date and Subject of Amendments:

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.