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.
Part 5. Purchasing Preparation
Purchases must be prepared on forms approved by Minnesota State to ensure that they include all state-required contract language. Any modification of forms approved by Minnesota State, or the use of a non-Minnesota State form requires the review by Minnesota State legal counsel and approval of the VC-CFO. Minnesota State legal counsel includes either the Minnesota State General Counsel’s Office or the Minnesota Attorney General’s Office.

Part 6. Purchasing Requirements
Minnesota State 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. All contract values in this part 6 refer to Total Contract Value (TCV).

Subpart A. Purchases of less than $50,000
If the amount of the purchase is estimated to be less than $50,000, the purchase may be made either upon quotation or in the open market, at the discretion of the college, university, or system office. If the purchase is made upon quotation, it must be based, so far as practicable, on at least two (2) quotations which must be kept on file for a period of at least one year after receipt or as according to an applicable record retention schedule approved by the State Records Disposition Panel. Quotations may be obtained by telephone or in written form via facsimile (FAX), delivery service, or the Internet. Quotations must have a specified date and time for submission. Each institution shall determine a level at which written quotes will be required. 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 $50,000 and less than $100,000
If the amount of the purchase is estimated to exceed $50,000 but not to exceed $100,000, 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 practicable, and without advertising for bids or otherwise complying with the requirements of competitive bidding. Quotations must be kept on file for a period of at least one year after receipt or, as according to an applicable record retention schedule, approved by the State Records Disposition Panel. 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. 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 of $100,000 or greater
If the amount of the purchase is estimated at $100,000 or greater, sealed bids must be solicited by public notice as provided in Part 7. Bids and documents pertaining to the award of the purchase must be retained and made a part of the permanent file or as according to an applicable record retention schedule approved by the State Records Disposition Panel. 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 master contracts, or through cooperative purchasing agreements listed on the Minnesota State official web site and authorized for use by the colleges and universities.

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

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

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

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

Subpart F. Minnesota Department of Human Rights

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

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 must apply for a Workforce Certificate 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 or received an exemption.

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, must have a Workforce Certificate or must certify that the business is in compliance with federal affirmative action requirements in order to receive a contract award exceeding $100,000.

3. Equal Pay

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

Subpart G. Exceptions to vice chancellor approval

Written approval from the VC-CFO is not required for the following types of purchases where the Total Contract Value of the purchase is less than or equal to $1,000,000.
1. Utility services provided annually where no competition exists or where rates are fixed by law or ordinance.
2. Merchandise purchased for resale.

VC-CFO 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 5 of this procedure.

**Part 7. 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 8. Prepayment**


**Part 9. Solicitation of Bids**

For purchases anticipated to exceed $100,000 in TCV, 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(s). 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. If bids are not submitted electronically, the 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 must be kept on file until audited, but not less than one year or as according to an applicable record retention schedule approved by the State Records Disposition Panel.

**Part 10. Purchases from Targeted Group Businesses (TGBs)**

Purchasing practices will include provisions for procurement from TGBs as set forth in Board Procedure 5.14.6 and related Policy 5.14
Part 11. 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 12. Accountability

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

Related Documents:

- Policy 5.14 Contracts, Procurements, and Supplier Diversity
- Procedure 5.14.5 Purchasing
- Procedure 5.14.6 Supplier Diversity

Procedure History

Date of Adoption: 07/01/1996
Date of Implementation: 07/01/1996
Date of Last Review: 05/09/2024

Date and Subject of Amendments:

05/09/2024 – Amended to include several key changes and enhancements:

1. **Revision of Sealed Bid Threshold:** The financial limit requiring sealed bids via public notice has been raised from $50,000 to $100,000.

2. **Adjustment of Purchasing Threshold for Quotations:** The threshold for necessitating quotations has been increased from $25,000 to $50,000. Consequently, purchases equal to or less than $50,000 now require at least two quotations.

3. **Modification of Threshold for Sealed Bids or Direct Negotiation:** The purchasing dollar threshold for mandating sealed bids or direct negotiation with a minimum of two sealed bids has been revised from the range of $25,000 to less than $50,000 to now between $50,000 and less than $100,000.

4. **Integration of Definitions for Clarity:** To enhance the procedure’s clarity and ease of interpretation, a new definition for the term 'purchasing contract' has been added.

5. **Board Consultation Requirements:** A new requirement has been established for Board consultation on all system office purchases valued between $1,000,000 and $3,000,000.

6. **Clarification on Single Source Contracting Exceptions:** The procedure now includes clearer guidelines for the use of single source exceptions in contracting processes.

7. **General Procedure Modifications:** Various modifications have been made to enhance the clarity 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.