



Idaho State University

POLICIES AND PROCEDURES

Purchasing Policy

ISUPP 2560

POLICY INFORMATION

Policy Section: *Finance*

Policy Title: *Purchasing Policy*

Responsible Executive (RE): *Chief Financial Officer*

Sponsoring Organization (SO): *Finance*

Dates: Effective Date: *November 1, 2016*

Revised:

Review Date:

I. INTRODUCTION

This policy governs purchases made with University Funds, Federal Funds, Sponsored Project Funds, or any other funds on behalf of the University. Purchases and Procurements shall be conducted in compliance with applicable federal and state laws and regulations, and applicable State Board of Education (SBOE) and University policies.

II. DEFINITIONS

Definitions provided in this policy apply only to this policy.

- A. Bid. A formal, competitive offer to perform a contract for work, labor, or materials at a specified price in response to a specific University request for pricing.
- B. Cooperative Purchase. A purchase using a contract after a competitive solicitation process established by another entity with whom ISU has joined as a member formalized through a written agreement. See I.C. 67-9224(2).
- C. Federal Funds. Funds granted to ISU from federal agencies.
- D. Formal Purchases. Purchases or Procurements of \$250,000 and above. These Purchases require a Formal Sealed Process.
- E. Formal Sealed Process. Procedure by which the University solicits Bids or Requests for Proposals by means of a formal solicitation.

- F. Informal Purchases. Purchases that exceed the dollar limits established for Small Purchases but are less than required for a Formal Sealed Process.
- G. Invitation to Bid (ITB). A formal request from ISU to potential suppliers or contractors to submit sealed Bids for a project with clearly defined Bid specifications in which the lowest price is a main consideration for the final contract award.
- H. Non-Catalog Vendor. Vendors who are not PunchOut Vendors in the University's E-procurement system.
- I. PunchOut Vendor. Vendors that are directly linked to the University's E-procurement system (currently Jaggaer).
- J. Procurement. Procurements are exchange transactions, whether for currency or barter. Procurements do not include non-exchange transactions such as sponsorships.
- K. Purchase. Acquisitions including trade-ins and acquisition of leased equipment. Purchases do not include non-exchange transactions such as sponsorships.
- L. Quote. A Quote is an offer to provide specific products or services at a predetermined, fixed price, including those listed on Vendor webpages.
- M. Request for Proposals (RFP). A formal document issued by Purchasing to invite Vendors to submit proposals for a specific project or service. A RFP is used for complex projects requiring creative, or technical solutions, and evaluates Vendors on multiple factors like technical ability, experience, and innovative approaches, not just the lowest price.
- N. Sole Source Purchase. A Purchase in which only one supplier is able to provide a product or service. This is a Purchase in which competitive bidding is not possible.
- O. Sponsored Project. A formal agreement, such as a grant, contract, or other arrangement, in which the University receives federal, state, or private funds to conduct a specific project with a defined scope. A complete definition of "Sponsored Project" is found in ISUPP 1060 *Contract Approval and Execution*, section II.G.
- P. Total Contract Value. The entire monetary value of the contract as measured by the initial contract period plus any options to renew or any options to buy additional supplies or services. The concept of Total Contract Value is used as a cutoff guideline for delegated purchasing authority.
- Q. University Funds. Funds found in local or state appropriated indexes. This definition excludes Federal Funds, or funds not found in local or state appropriated indexes.
- R. Vendor. A person or entity who provides goods or services in exchange for compensation.

III. POLICY STATEMENT

Purchasing activities shall be administered in a manner that provides maximum practicable open competition, appropriate to the type of good or service to be provided. Purchases shall support the goals of cost efficiency and quality, which shall be given due consideration in the purchasing process.

The University owns all property purchased with University Funds. In addition, except where provided by the terms of a Sponsored Project or by operation of law, the University owns all personal property purchased with funds from a Sponsored Project. No department, departmental unit, or University employee may hold a proprietary interest in any piece of University Property or Property purchased with Sponsored Project funds which are held by the University. Regardless of which departmental unit ordered the item, the fund cited, or the budget expended, the principle of University ownership prevails.

IV. AUTHORITY AND RESPONSIBILITIES

- A. Approval Authorization Limits under State Board of Education Policy V.I.
 - 1. Up to One (1) million dollars: University has delegated approval authority.
 - 2. One (1) million to two (2) million dollars: Executive Director of the State Board of Education (“SBOE”) has delegated approval authority.
 - 3. Over two (2) million dollars, or a lease that exceeds five (5) years: SBOE.
- B. Chief Financial Officer (CFO). Responsible for overseeing the Purchasing Office. Daily operations have been delegated to the University Controller, or designee. The CFO also acts as an Appellate Authority.
- C. Departments. Responsible for confirming the availability of funds and ensuring those funds are properly budgeted.
- D. Director of Procurement and Vendor Services. Approval Authority for Sole Source requests.
- E. Employees. All University employees are responsible for following this policy when making Purchases. Employees have a personal responsibility to conduct University business in an ethical manner and assure the integrity of the purchasing and procurement processes.
- F. State Board of Education (SBOE). This policy has been approved by the SBOE. The SBOE Executive Director will be informed of changes to this policy. Proposed changes to this policy may require SBOE approval.
- G. University Controller. Ensures that procurement staff are properly trained to execute their duties efficiently and in accordance with laws and regulations. The University Controller is also responsible for ensuring compliance with this policy.

V. COMPETITIVE BIDDING

It is generally good practice to price transactions and collect Quotes from a variety of sources before selecting one. The lowest price may not always be the best value. Departments should consider the total cost of ownership, which includes the purchase price, transportation, handling, inspection, quality, rework, maintenance, disposal, and other associated costs.

- A. Vendors. Departments should purchase from responsible Vendors possessing the ability to perform successfully under the terms and conditions of the University with consideration given to such matters as supplier integrity, compliance with public policy, record of past performance, and financial and technical resources.
 1. All Vendors are qualified unless expressly disqualified by the University Director of Procurement and Vendor Services.
 2. Vendors may be disqualified for any of the following reasons:
 - a. Failure to perform according to the terms of any agreement;
 - b. Attempts by whatever means to cause acquisition Bid specifications to be drawn so as to favor a specific Vendor;
 - c. Actions to obstruct or unreasonably delay acquisitions by the University;
 - d. Perjury in a Vendor disqualification hearing;
 - e. Debarment, suspension or ineligibility from federal contracting of the Vendor, its principals or affiliates; and/or,
 - f. Any reason in Idaho law that would disqualify a particular Vendor for a particular Bid.
 3. A Vendor shall be notified by registered mail within ten (10) days of disqualification and may, within thirty (30) days of the receipt of such notice, challenge the disqualification. The University Controller is the Appellate Authority.
 4. Disqualification or conditions may be imposed for a period not exceeding five (5) years.
- B. Small Purchases.
 1. Purchases are classified as Small Purchases differently depending on the funding source. For goods, costs are determined based on the one-time purchase of property. For services, costs are determined based on the total cost of a contract, including renewal or extension periods.
 2. Small Purchasing limits are as follows:
 - a. University Funds: less than \$20,000.
 - b. Federal Funds: less than \$10,000.

- c. Purchases made through Jaggaer PunchOut Vendors: less than \$50,000.
3. Any Small Purchase contract with a value over \$10,000 is subject to ISUPP 1060: *Contract Approval and Execution* and should be reviewed by the Office of General Counsel.
4. Small Purchases are excluded from the Informal Purchase two (2) Quote requirement.

C. Informal Purchases

1. Purchases are classified as Informal Purchases differently based on the funding source. Informal Purchase limits are as follows:
 - a. University Funds: \$20,000 to \$249,000.
 - b. Federal Funds: \$10,000 to \$249,000.
 - c. Purchases made through Jaggaer PunchOut Vendors: \$50,000 to \$249,000.
2. Informal Purchases require a minimum of two (2) Quotes.
3. To enhance small business Bidding opportunities in Idaho, when practical and in the best interest of the University, ISU may seek Quotes or Bids from Vendors having a significant Idaho economic presence, as defined in Section 67-2349, Idaho Code.
4. The request for a Quote or Bid may be written, oral, electronic, or telephonic.
5. Quotes provided from Vendors must be electronic. Both required Quotes must be attached to the requisition order in Jaggaer.

D. Formal Purchases

Formal Purchases are procured through a Formal Sealed Process.

1. Formal Purchases, regardless of the funding source, are all Purchases of \$250,000 and greater.
2. Invitations to Bid (ITB) and Requests for Proposals (RFP)
 - a. The University Purchasing Department solicits offers from qualified Vendors by issuing an ITB or RFP.
 - b. ITBs and RFPs must include a provision requiring that Bids and Quotes accept the University's Terms and Conditions, including the appeals process, or the specific inclusion of separate terms recommended by the Office of General Counsel.
 - c. The Formal Sealed Process establishes pricing, specification or performance standards, and the terms and conditions for the purchase of goods and services.
 - d. The University may apply the use of a variety of techniques, including but not limited to, reverse auction, electronic posting, or electronic advertisement of solicitations as appropriate to the buying situation.

- e. The University shall ensure adequate ITBs or RFPs are prepared which clearly define the goods and services needed in order for Bidders and Proposers to properly respond to the request.
 - f. No property to be acquired shall be accepted which does not meet the minimum Bid specifications.
3. Notice Requirements
- a. Notice of solicitations of Bids or proposals for large purchases will be electronic.
 - b. Large purchase notices, regardless of methodology, are referenced in the Vendor section of the University Purchasing Department's website.
4. Contract Award
- a. The University recognizes that an offered low price is not always indicative of the greatest value. Contracts will be awarded by the University pursuant to determination by the University Controller, or designee, of the best value to the University based on the criteria outlined in the solicitation.
 - b. Vendors must possess an authorized purchase order number, or Procurement Card (PCard) number, and signed contract for goods or services from the University before providing goods or services. A verbal commitment by a University employee is not authorization for purchases.
 - c. Where multiple Bids and quality of property offered are the same, preference may be given to property of local and domestic production and manufacture or from vendors having a significant Idaho economic presence.
 - d. Award of contracts in excess of amounts as proscribed in SBOE Policy V.I. require the written approval of the SBOE Executive Director, or the SBOE in a public meeting.
 - e. No Vendor or related party, or subsidiary, or affiliate of a Vendor may submit a Bid to obtain a contract to provide property or services to the University, if the Vendor or related party, or affiliate or subsidiary was paid for services utilized in preparing the Bid specifications or if the services influenced the procurement process.
- E. IT-Related Purchases.
- 1. All software related Purchases must be routed through IT for approval before a purchase is made.
 - 2. Any software purchase on a PCard requires that a preapproval form be completed and approved by IT before the Purchase can be made. Computers and computer supplies are not required to be routed through IT.

- F. Sponsored Project Funding. If funding for the purchase of goods or services includes Sponsored Project Funding, federal requirements must be followed. For Sponsored Project Funding, adherence to Uniform Guidance found in 2 CFR §200.319 “Competition” is required.

PURCHASING PROCESS CHART

UNIVERSITY FUNDS		
Up to \$19,999.99	\$20,000–\$249,999.99	\$250,000 and Higher
<p>Departments follow prudent purchasing practices and receive competitive quotes where practical.</p> <p>Purchasing Methods: P-Card (based on Individual card limits), Direct Pay, Non-Catalog Purchase Order (Jaggaer)</p>	<p>Requires competitive procedures and a minimum of two quotes.</p> <p>Purchasing Methods: Non-Catalog Purchase Order (Jaggaer)</p>	<p>Formal RFP or ITB required.</p> <p>Purchasing Methods: PunchOuts in Jaggaer or Non-Catalog Purchase Order in Jaggaer</p>

FEDERAL FUNDS		
Up to \$9,999.99	\$10,000–\$249,999.99	\$250,000 and Higher
<p>Departments follow prudent purchasing practices and receive competitive quotes where practical.</p> <p>Purchasing Methods: P-Card (based on individual card limits) , Direct Pay, Non-Catalog Purchase Order (Jaggaer)</p>	<p>Requires competitive procedures and a minimum of two quotes.</p> <p>Purchasing Methods: Direct Pay Form, Non-Catalog Purchase Order (Jaggaer)</p>	<p>Formal RFP or ITB required.</p> <p>Purchasing Methods: PunchOuts in Jaggaer or Non-Catalog Purchase Order in Jaggaer</p>

BOTH UNIVERSITY AND FEDERAL FUNDS		
Up to \$50,000.00	\$50,000–\$249,999.99	
<p>Departments follow prudent purchasing practices and receive competitive quotes where practical.</p> <p>Purchasing Methods: PunchOuts in Jaggaer</p>	<p>Requires competitive procedures and a minimum of two quotes.</p> <p>Purchasing Methods: Catalog Purchase Order in Jaggaer</p>	

VII. EXEMPTIONS FROM COMPETITIVE BIDDING

- A. Small Purchases.
- B. Purchases made with University Funds from Jaggaer Non-PunchOut Vendors under \$20,000.
- C. Purchase made with Federal Funds from Jaggaer Non-PunchOut Vendors under \$10,000.
- D. Purchases of Jaggaer PunchOut Vendors under \$50,000.
- E. Sole Source Purchases.
 - 1. The Sole Source exemption is the only Bid exemption allowed on federally funded purchases that would regularly require competitive Bidding (see chart above).
 - 2. The Director of Procurement and Vendor Services is the approval authority for Sole Source Purchase Bid exemption requests. The University Controller, or designee, is the Appellate Authority.
 - 3. Any request for Sole Source Purchase Bid exemptions by a department to restrict a purchase to one potential supplier must be accompanied by a written explanation as to why no other item is suitable or no other Vendors exist to meet the need.

Examples include but are not limited to, circumstances where:

- a. The compatibility of equipment, components, accessories, software, replacement parts, or service is the paramount consideration.
- b. A single supplier’s property is needed for trial use or testing.
- c. The purchase involves property for which it is determined there is no functional equivalent.

4. If there is more than one potential source for an item, a requirement for a particular proprietary item does not justify a Sole Source Purchase. The University Purchasing Department may conduct negotiations, as appropriate, to determine price, availability, and terms.
5. If a Sole Source Purchase request is approved, there is an eight (8) business day waiting period. The approval will be posted on the University's Purchasing Department website for three (3) business days then another five (5) business day must pass before a purchase order can be created.
6. Sole Source determinations are appealable.

F. State Open Contracts.

1. Certain commodities are procured through open contracts by the State of Idaho Division of Purchasing in order to obtain the lowest possible pricing for all agencies. These contracts can be used without a competitive Bid process.
2. The University may procure property from a vendor that is not party to a state open contract in situations where a state open contract exists if the cost of the item is equal or less than the price available through a state open contract. Shipping and other associated costs must be included when calculating the amount. Comparative documentation must be retained with the original receipt.

G. Cooperative Purchases.

1. Use of contracts issued by cooperative purchasing programs established by an association to which the University belongs that offers goods and services as a result of competitive solicitation process is allowed with approval from the Controller.
2. Purchases made through the use of cooperative purchasing programs shall be subject to confirmation that such program's competitive solicitation process meets the minimum criteria for competitive solicitation and resulting purchase set forth in University policy.

H. Government and Agency acquisitions:

1. Rehabilitation agency acquisitions;
2. Correctional industries acquisitions; and,
3. Federal government acquisitions.
 - a. Purchases from General Services Administration Federal Supply Contractors are allowed when the acquisition is advantageous to the University with approval from the University Controller, or designee.
 - b. Federal government acquisitions include federal surplus.

4. Interagency contracts, including contracts with other institutions of higher education.
 - a. The University may contract with any one or more other public agencies or institutions of higher education to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized by law to perform, including, but not limited to joint contracting for services, supplies and capital equipment, provided that such contract shall be authorized by the governing body of each party to the contract.
 - b. The University may collaborate with other state institutions of higher education on solicitations where the combined volume of multiple institutions will provide the best value.
- I. Situational Acquisitions, including, but not limited to:
 1. Legal advertising, publication or placement of advertisements directly with media sources.
 2. Contracts for legal services or bond related services.
 3. Professional or consultant services costing less than \$250,000 and lasting less than one (1) year in duration.
 4. University employee education, training, and related travel expenses costing less than \$250,000.
 5. Purchases of goods or services in which the Vendor has offered special educational discounts that are below the MSRP or list price exclusively to schools, colleges, and universities.
 6. Goods or services for which competitive solicitation procedures are impractical, including, memberships, subscriptions, ongoing software and IT upgrades, license renewals. Impracticality will be determined by Purchasing.
 7. Merchandise for resale.
 8. Purchase of copyrighted materials available primarily from the publisher.
 9. Membership dues, subscriptions, certifications and accreditation fees.
 10. Used goods. Used goods must be evaluated for quality and functional condition in order to mitigate the risk of hidden defects, warranty limitations, or an increased cost of maintenance.
 11. Preventative maintenance and repair of scientific equipment, when the services are only available from a single supplier.
 12. Ongoing maintenance, upgrades, support, or additional licenses for software or other information technology solutions, including a change in the manner of solution delivery,

which software or solution was originally acquired in compliance with the purchasing laws in effect at the time of acquisition.

13. Ongoing maintenance, upgrades, and support for existing equipment.

J. Emergency Purchases.

1. The University Controller, or designee, may authorize emergency purchases of goods and services when it is determined that the goods or services are immediately necessary and in the best interest of the University. Examples of circumstances that could necessitate an emergency purchase include:
 - a. Unforeseen circumstances that are beyond the control of the University or constituting a force majeure;
 - b. Circumstances that present a real, immediate or extreme threat to the proper performance of essential University functions; and/or,
 - c. Events that may reasonably be expected to result in excessive loss or damage to property or other resources, and/or bodily injury or loss of life.
2. Financial or budget constraints do not constitute an emergency.
3. Any affected department may make an emergency purchase in the open market at the best attainable price when a documented emergency condition exists and the need cannot be met through the University's normal procurement method, provided that:
 - a. Funds are available for the purchase;
 - b. Verbal authorization is obtained from the Chief Financial Officer;
 - c. Competition to the fullest extent practicable under existing circumstances is obtained and documented; and,
 - d. The cost of the purchase does not exceed the amount requiring SBOE Executive Director approval as prescribed in SBOE policy V.I.3.a.
4. A fully signed explanation of the circumstances surrounding the emergency and the necessity for the purchase is filed by the requester with the University Controller, or designee within two working days after such purchase or cessation of emergency conditions, whichever is later. A sample explanation of circumstances can be found at <https://www.isu.edu/financeadmin/forms/>.

K. Direct Negotiations

1. In lieu of competitive Bidding, and when not covered by a State Open Contract, negotiations may be conducted whenever any of the following conditions are applicable and expressly authorized by the University Controller, or designee, in writing, prior to the Purchase:

- a. The public good will not permit the competitive Bid process due to unforeseeable time constraints;
- b. No responsive or responsible Bids are received at acceptable levels of price, service or terms;
- c. Approved Sole Source scenarios;
- d. The purchase is for scientific, experimental, developmental or research work, or for the manufacture of furnishing of property for experimentation, development, research or test;
- e. Where there is a particular savings through the use of educational discounts; or
- f. Acquisition of federal surplus or excess property.

IX. APPEALS PROCESS

A. Appeals Process.

1. Appealable Elements of a Formal Sealed Process Bid decision include:
 - a. Bid specifications;
 - b. Determination by the University that the Bid is nonresponsive and does not comply with the Bid invitation and specifications; and/or,
 - c. Award to a successful Vendor.
2. All appeals must be received by ISU within five (5) business days of the formal award.
3. The detailed process for appeals can be found at the University's website.
4. Appeals will be reviewed by the University Controller or designee. Disposition of an appeal as set forth herein is final and will serve to exhaust all administrative remedies available as no further administrative remedies exist.
 - a. If an appeal is denied, a written decision setting forth reasons for denial will be provided.
 - b. If an appeal is granted, an amendment (for a specification or intent to award appeal) to the original Bid or Sole Source determination will be posted within 10 (ten) business days of issuance of the decision to grant the appeal.
5. Small Purchases, Informal Purchases or Purchases that are exempted from Bidding requirements are not appealable.

X. ETHICS REQUIREMENTS

- A. All faculty, staff and students at the University are required to adhere to the intent and spirit of this Policy. The Policy provides a means to acquire the necessary goods and services as effectively and economically as possible, while also maintaining compliance with the laws of the State of Idaho. Employees are subject to penalties as described in Idaho Code, including, but not limited to, those in Section 67-9231.
- B. Employees are prohibited from obtaining goods or services by avoiding the competitive process through such actions, including, but not limited to, splitting purchases, creating false emergency situations, and purchasing outside open contracts without authorization.
- C. Any effort to circumvent or abuse State and University purchasing regulations and policies or procedures is Adequate Cause for disciplinary action up to and including dismissal.
- D. Conflict of Interest:
 1. A Conflict of Interest arises when an Employee has a personal, financial, or professional interest that could, or could appear to, compromise or affect the Employee's professional judgment in exercising their duties to the University. Conflicts of Interest may include when an Employee:
 - a. Is in a position to influence the University's business, administrative, academic, or other decisions in ways that could result in personal or Family Member benefits or gains;
 - b. Acts in opposition to the interests of the University, including by competing directly with the University, or diverting opportunities the Employee knows or should know the University is or may be pursuing; and/or,
 - c. Uses their University position for personal or Family Member benefit or gain at the expense of the University or otherwise in violation of this or other University policies, as described in ISUPP 1130: *Conflicts of Interest and Commitment*.
 2. Conflicted employees are prohibited from entering into service contracts with or selling goods to the University.
 3. Influencing/conspiring to influence: The University prohibits unreasonably or illegally influencing, or conspiring to influence, purchasing decisions and contract awards. Attempts at influence may include kickbacks and bribes, peddling or payment of a fee, back door selling, hard-sell tactics, fraternization, or offering gifts to avoid following published procedures or gain advantages.
 4. Post issuance contract oversight is required to guarantee the University receives all goods and services as per the terms of the agreement. Idaho State University Policy ISUPP 1060: *Contract Approval and Execution* describes roles and responsibilities for contract management.

X. RELATED LAWS AND POLICIES

- a. 2 CFR §200.319
- b. Idaho Code Section 18-8702
- c. Idaho Code Section 59-1026
- d. Idaho Code Sections 67-9219, 9224(2), 9225, 9230, 9231, 9233
- e. Idaho Code Section 67-2346, 2347, 2347A
- f. Idaho State Board of Education Governing Policies and Procedures, Section I.E.2.a and Section V.I
- g. ISUPP 1060 *Contract Approval and Execution*
- h. ISUPP 1130 *Conflict of Interest and Commitment*
- i. ISUPP 2570 *Purchasing Card (PCard)*