I. Introduction

The University Corporation at Monterey Bay (the “Corporation”) uses a variety of methods to purchase goods and services. The purpose of this document is to establish the Procurement Policy for Corporation purchases. Corporation purchases include those made by any Corporation employee utilizing Corporation funds. The purchasing functions, policy, and procedures have been established using sound business practices with the key goal of service to the Corporation and its employees.

The Corporation is firmly committed to a program of “Best Value”. Best Value considers all transactions from many perspectives, including but not limited to best dollar value, outreach to vendors, promotion of fair and open competition, lifecycle, operational requirements, quality and matching of products and services to the University Corporation’s needs. Travel and the retention of artists, entertainers, lecturers, and speakers for services are not subject to the provisions of this policy.

II. Policy, Regulations and Guidelines

A. Policy Provisions

1. Purchases are to be made in a manner that supports and facilitates the competitive bidding process and the lowest cost. The Corporation also takes other factors equally into consideration such as quality, specifications, service, and product availability so that the lowest bid may not always be the bid that is selected.

2. Purchases shall follow what is customary in the marketplace for a particular commodity or product and be consummated in such a manner so as to constitute a reasonably prudent documented business transaction.

3. Fitness and quality being equal, recycled products shall be considered for procurement in place of non-recycled whenever such products are available at no more than the total cost of their non-recycled counterparts. When purchasing such items, the Corporation also takes other factors equally into consideration such as quality, specifications, service and product availability.

4. Sponsored Programs purchases must also comply with the requirements set forth in the grant or contract agreement.
5. Volume or pool purchases, annual purchase agreements and State- 
purchasing contracts shall be utilized when deemed to be 
advantageous to the Corporation.

6. All purchases with Corporation funds must have a legitimate 
business purpose. Prohibited purchasing practices include:
   a. Conflict of Interest – In order to protect from possible 
allegations of conflict of interest, purchases with Corporation 
funds should not be made from companies in which Corporation 
staff or family members have an economic interest. Such 
purchases may have the appearance of wrongdoing and should 
therefore be avoided.

   Employees with conflicts of interest must disqualify themselves 
from making or participating in a decision which would have a 
material effect on a personal financial interest.
   
   b. Community Relations – Other prohibited purchases are 
identified in the University Corporation’s Community Relations 
Policy.

7. Sole source purchases on a non-competitive basis will require 
written justification by Approving Official and approval by the 
Executive Director. The sole source written justification should 
include:
   a. Unique performance factors of the products specified,
   b. Why these factors are required,
   c. What other products have been evaluated and rejected, and why, 
   and
   d. Special circumstances requiring immediate attention.

8. No Corporation Board member, Corporation employee, or CSU 
Monterey Bay employee by virtue of their position, will personally 
derive any benefit, gain, or receive preferential treatment from the 
purchase of materials, equipment, supplies or services.

9. Authorized signers failing to follow the Corporation’s purchasing 
policy and procurement procedures may incur personal liability 
and/or financial obligation with the vendor.

III. Methods of Purchasing

   The Corporation uses a variety of methods for the purchase of goods and services, 
   including the procurement card, personal reimbursement/petty cash, direct pay 
   via payment requests, and purchase requisitions and orders. The dollar
thresholds listed hereunder are considered in the aggregate; purchases cannot be split to circumvent these policies and procedures.

A. **Personal Reimbursement/Petty Cash**: Corporation employees may make Corporation business-related purchases by using the Personal Reimbursement/Petty Cash form.

B. **Procurement Card Purchases**: The Corporation has determined that it is in its best economic and administrative interest for Corporation employees to use a procurement credit card ("Pro Card") for low dollar transactions. Note that travel-related purchases are not allowed on the Pro Card unless a Procurement Card Travel Needs Statement has been submitted and approved by the Corporation Executive Director. For more information, please refer to the Pro Card manual.

C. **Payment Requests**: Alternatively, for low dollar transactions, including those for the purchase of supplies and services costing less than $5,000 (including tax), employees may request that the Corporation pay the vendor directly by completing a Payment Request form and submitting it to the Corporation Accounts Payable Technician.

D. **Purchase Requisitions and Orders**: For purchases exceeding $5,000, the appropriate method of requesting the purchase of goods and services is through the submission of a Purchase Requisition.

Regardless of the dollar amount, any IT or furniture purchases must be submitted via purchase requisition to facilitate accurate record-keeping related to the acquisition, maintenance, control, and disposition of Corporation property. See procurement procedures for more details on purchasing IT equipment and the IT approval process.

E. **Contracts/Agreements/Leases**: All contracts between the Corporation and another legal entity are to be prepared and executed in written form. The Corporation Executive Director is the appropriate signatory to any Corporation contract. Programs operated under the Corporation are without authority to bind the Corporation. The Corporation will not accept as legally binding any oral agreement that is not finalized and executed in written form, or is not first authorized by Sponsored Programs Office to be prepared if involving Sponsored Project Funds.

For further information on contracts and subcontracts guideline, please refer to the procurement procedures.

F. **Stipend Payments**: A Stipend Payment Request is a special form (usually relating to Sponsored Programs Office) that may be used exclusively to pay stipends to non-CSUMB students. Such stipend payment is typically written into a grant or contract.

G. **Copier Lease/Purchase Program**: Information on copiers for lease or purchase must be obtained from IT.
IV. Dollar Threshold Requirements for Purchase Requisitions and Orders

Purchase requisitions and other authorizations to purchase must comply with the most current version of 713-001 Signature Authorization Procedure and with the Chartfield Create/Update Signature Authorization form on file in the Accounts Payable office.

A. Purchases under $5,000: The Corporation does not require a purchase order. If a vendor requires a purchase order, the Corporation will prepare a purchase order based on the purchase order request and price quotation obtained in writing from the vendor.

B. Purchases of $5,000 to $25,000: The requester is required to submit a purchase requisition and a price quotation from the vendor must be attached. If the purchase is for services, a contract may have to be put in place with the vendor before a purchase order can be issued.

C. Purchases of $25,000 to $49,999: The requester is required to submit a purchase requisition with a minimum of three price quotations attached. If the purchase is for services, a contract may have to be put in place with the vendor before a purchase order can be issued.

D. Purchases over $50,000: The requester is required to submit a purchase requisition and attach a minimum of three formal bids from providers based on written specifications, which recognize competitive pricing, responsiveness to specification, and reputation of vendors. If three bids cannot be obtained, a typed explanation of the circumstances must be submitted with the purchase requisition to the Corporation Executive Director who may authorize the purchase.

E. Request for Information: The purpose of a Request for Information (“RFI”) is to solicit information from firms interested in providing a specific service and/or commodity. An RFI is a mechanism for gathering information and may or may not result in a purchase. The RFI may be used in lieu of the RFP (Request for Proposal) process outlined in section D above provided that three proposals are obtained and that all vendors providing information are given the same specifications and information.

V. Exceptions to Bidding Requirements and Purchase Orders

A. Grant/Contract purchases governed by the terms and conditions of the executed agreement.

B. Retention of service contractors on an hourly time and material basis. Authorized signer’s approval must be obtained prior to retention of service contractors.

C. Sole Source/Sole-Brand purchases.
VI. Insurance Requirements

The Corporation’s Business Support Services department must be notified whenever borrowed, loaned, rented, leased or purchased equipment is obtained so that equipment can be scheduled to insure for losses due to damage or theft. For insurance coverage, limits and endorsements, please contact the Buyer & Risk Management Analyst.

VII. Purchases from Sponsored Programs, Grants or Contracts

Purchases made from Sponsored Programs, Grants or Contracts funds may be made only during the term of the grant or contract or during an approved extension or renewal. The authorized signer should anticipate purchase requirements far enough in advance so that the purchasing process can be completed, the service rendered and the invoice received prior to expiration of the award. Purchase orders are generally issued within two working days.

VIII. Capitalization

Capital purchases with a cost greater than $5,000 and a normal useful life of at least one year will be capitalized and depreciated over the economic life of the asset. A capital purchase is defined as a tangible piece of property with an acquisition cost greater than $5,000 and a useful life of one year or greater.

IX. Rentals of Transportation and Other Equipment

Note that the rental of transportation and other equipment is a unique situation where Corporation’s insurance may not apply and where additional risk issues are present. Questions that should be considered in determining what risks and subsequent losses could arise should include, among others, the following:

- What activities will take place;
- Who could be harmed;
- What property could be damaged and how severely;
- What is the maximum likely loss for each activity;
- Are bystanders likely to be included;
- How likely is it that the Corporation or CSU Monterey Bay could be a defendant in the event of a loss?

The Corporation’s Buyer & Risk Management Analyst can assist with details. The policies and procedures concerning these rentals are for the protection of Corporation and CSU Monterey Bay, the requesting party, the individuals being served, and the programs at large.

A. Category 1: Rentals for Standard Transportation – Use by Employees Only. An employee desiring to rent a standard passenger car, truck, or sport utility must adhere to the procurement procedures and obtain
liability waiver and hold harmless agreement for each volunteer and/or non-employee.

B. **Category 2: Rentals of Equipment – Use by Employees Only.** An employee desiring to rent equipment such as snowmobiles, boats, forklifts, and heavy moving equipment for the use by the Corporation employee and possibly, other Corporation employees and volunteers, on Corporation business, must obtain liability waivers and hold harmless agreement for each volunteer and/or non-employee using or being transported via such equipment.

C. **Category 3: All Others, Including Rentals for Transportation of Others – Use by Employees and Participants.** This is a catchall category, capturing any rentals not included in Category 1 or 2 above, and encompassing the situation where a University Corporation employee is renting a vehicle, boat, or other mode of transportation to transport groups of employees, volunteers, students, and non-employees or participants. Examples include: (1) a bus rental to transport high school students as part of an outreach program, (2) a bus rental to transport homecoming festival attendees, and (3) a boat rental to transport middle school students for outreach and sea exploration activities. A standard contract is generally accepted by the Corporation but is subject to the review and signature of the Executive Director.

Renting from non-commercial establishments not involved in the exclusive business of renting transportation for this purpose may be acceptable but an adequate contract is needed and is subject to the review and approval of the Corporation. In any event, adequate proof of insurance must also be provided because Corporation’s insurance does not apply to these types of rentals.

The Corporation employee initiating the rental should obtain a liability waiver and hold harmless agreement for each volunteer and/or non-employee.

For further requirements and procedures for all types of rentals mentioned, please refer to the procurement procedures.

**X. Preferences**

Whenever feasible, purchases should be made from small businesses and local vendors to help support the local economy, which has been a goal of CSU Monterey Bay since its inception. The Corporation also encourages that purchases be made from minority-owned business enterprises and women-owned business enterprises. The Corporation encourages that purchases be made with energy efficiency, sustainability, and the utilization of earth-minded, renewable (a.k.a “green”) products and services.

**XI. Enforcement**
Individuals not following this Procurement Policy are subject to personal liability as noted hereof, notification to their supervisors, and revocation of purchasing privileges.

XII. Adoption and Review

A. The Corporation’s Board of Directors has adopted this Procurement Policy, dated September 2009. The Corporation’s Board of Directors has adopted this Procurement Policy, dated 24 June 2010.

B. This policy shall be evaluated ten years from its adoption date to determine its effectiveness and appropriateness. The policy may be evaluated before that time as necessary to reflect substantial organizational, financial, or physical change(s) at the University Corporation or any change required by law or by other governing policy.

Any proposed amendments or variations of this policy would require a majority approval by the Corporation Board of Directors.

XIII. Related Documents

A. 713-001 Signature Authorization Procedure
B. Chartfield Request/Update Signature Authorization
C. ProCard Manual
D. Travel Manual