



**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 must be reviewed and approved by the vice chancellor – chief financial officer. Institutions must submit a memorandum explaining the need for the purchase, the proposed process to be used in selecting a vendor, estimated cost, and 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 institution. 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 the 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 using the terms purchasing and purchases.

**Part 4. Purchasing Requirements.** The Minnesota State Colleges and Universities are required to follow the purchasing requirements as defined in Minnesota Statutes §471.345, Uniform Municipal Contracting Law, or other authority granted in Minnesota Statutes §§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 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 shall 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 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 shall 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, Office of Enterprise Technology master contracts or 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.

**Subpart. D. Purchases over \$100,000.** Purchases over \$100,000 require written approval from the vice chancellor - chief financial officer. Institutions must submit a memorandum explaining the need for the purchase, the purchase amount, verify that funds are available for paying for the purchase, and describe what process will be used in making the award. The institution may proceed with the purchase upon approval of the memorandum.

**Section 1. Businesses with More than 40 Minnesota Employees.** Consistent with Minnesota Statutes §363A.36, vendors who intend to bid on any purchases or contracts exceeding \$100,000 and 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 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 cannot be accepted. An award exceeding \$100,000 cannot be made to vendors who have not obtained this certificate.

**Section 2. Businesses with More than 40 Employees Outside Minnesota.** Consistent with Minnesota Statutes §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 Minnesota Certificate of Compliance or must certify that the business is in compliance with federal affirmative action requirements in order to receive a contract award exceeding \$100,000.

**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 Minnesota Statutes §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 Minnesota Statutes §16A.15, Subd. 3 is just cause for the employee's removal. The state cannot agree to indemnify third parties or hold them harmless (Minnesota Statutes §16A.138; Minn. Const. Art. XI, Sec. 1).

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

**Part 6. Prepayment.** Minnesota Statutes §16A.41, Subd. 1, prohibits the system office or a college or university from paying in advance. The system office and colleges and universities can only make prepayments for software or software maintenance contracts for state-owned or leased computer equipment, sole source maintenance agreements, exhibit space, subscription fees for newspapers and magazines, registration fees where advance payment is required or advance payment discount is provided and the Library of Congress services.

**Part 7. Solicitation of Bids.** Sealed bids must be solicited by public notice through publishing a two week notice in an official newspaper(s). The official newspaper may be the State Register. Sealed bids also may be solicited by directly notifying prospective bidders not less than seven (7) days before the final date of submitting bids. This notice shall 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. Rental of Equipment under \$60,000.** If the amount of a contract for the rental of equipment is estimated to be \$60,000 or less, the contract may be made by direct negotiation by obtaining two or more quotations for the rental when possible and without advertising for bids or otherwise complying with the requirements of competitive bidding. All quotations shall be kept on file until audited, but not less than one year.

**Part 9. Computer Equipment.** All vendor prepared software license agreements and maintenance agreements must be reviewed by the system legal counsel. System legal counsel must be contacted for all financing lease purchase agreements.

**Part 10. Purchases from Targeted Group Businesses.** Targeted group businesses are those meeting the definition in Minnesota Statutes §16C.16, Subd. 5. Purchasing practices will include provisions whenever practicable, for procurement from small targeted group and economically

disadvantaged businesses as defined in Minnesota Statutes §471.345, Subd. 8. Targeted businesses are certified as such and a list is available from the Department of Administration.

**Part 11. Code of Ethics.** All system employees engaged in contracting and purchasing are subject to Minnesota law applicable to state employees, including Minnesota Statutes §§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 shall designate an employee who shall have overall responsibility for complying with state and federal laws, board policy, and system wide procedures for all purchases.

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*Date of Implementation:* 07/01/96,

*Date of Adoption:* 07/01/96,

*Date and Subject of Revision:*

1/25/12 - The Chancellor amends all current system procedures effective February 15, 2012, to change the term "Office of the Chancellor" to "system office" or similar term reflecting the grammatical context of the sentence.

03/25/10 - Part 2 amended to increase college and university authority to make purchases up to \$100,000; clarifies that contracts over \$100,000 need the approval of the vice chancellor-chief financial officer; Part 3 amended to require reviews by legal counsel and approval by vice chancellor-chief financial officer; Part 4 amended to include additional Minnesota Statutes. Subparts A, B, C, and D amended purchase limits. Subpart C bid solicitation is not required for purchases from Minnesota Department of Administration master contracts, Office of Enterprise Technology master contracts or Minnesota State Colleges and Universities master contracts or through cooperative purchasing agreements listed on the official system web site and authorized for use by the colleges and universities. Subpart D requires written approval. Subpart E amended to become sections 1 and 2, Minnesota Statutes updated. Part 6 amended to allow prepayment for registrations where it is required or a discount is provided. Part 8 amended to require quotations be kept not less than one year. Part 9 first paragraph was removed, and language was amended to require that legal counsel be contacted for all lease purchase agreements. Part 10 amended to define Targeted groups by Minnesota Statutes, and added economically disadvantaged. Removes the Chancellor's requirement for annual establishment of goals and guidelines.

05/05/05 - Removed Part 11 language on fixed assets and renumbered parts 12 and 13 respectively.

06/21/00 - Contains language formerly in system procedure 5.5.2;

04/00/99 - Part 4, Subp. D modified because of changes in M.S. 363.073

07/00/97 - Part 4, subd D, dollar figure went up from \$50,000, due to Legislative changes.