

North Dakota State University

Policy Manual

SECTION 400 PURCHASING – GENERAL POLICIES

SOURCE: SBHE Section 803.1, Purchasing Procedures
NDSU President

1. Definitions:

- a) Procurement Officer – means an individual duly authorized to enter and administer purchasing contracts and make written determinations with respect thereto and also includes an authorized representative acting within the limits of authority.
- b) Commodities – means all property, including equipment, supplies, materials, printing, insurance, and leases of equipment. The definition applies to commodities obtained through payment methods, including purchase, sponsorship or exchange.
- c) Services – means the furnishing of labor, time, or effort by a contractor, not involving the delivery of a specific end product other than reports that are merely incidental to the required performance. The term includes professional services. The definition applies to services obtained through all payment methods. Including purchase, sponsorship or exchange.
- d) Informal Quote/Bid – means an oral or written competitive solicitation for commodities or services that does not require formal sealed proposals, public opening, or other formalities. Award is made to the lowest cost, responsive, responsible bidder meeting specifications.
- e) Informal Proposal – means a written competitive solicitation for commodities or services that does not require formal sealed proposals, public opening, or other formalities. Award is made to the highest scoring bidder based on stated evaluation criteria.
- f) Formal Bid - means a process by which sealed bids are received and opened at a specific time in response to a solicitation for a well-defined commodity or service. Award is made to the responsible bidder whose bid is the lowest price and responsive to the specifications and other solicitation requirements.
- g) Formal Request for proposal (RFP) - means a process by which sealed proposals are received and opened at a specified time in response to a solicitation for a certain commodity. Award is made to the highest scoring bidder based on the stated evaluation criteria. RFPs are subject to the requirements outlined in N.D.C.C. §54-44.4-10.
- h) Sole Source – means that the commodity or service is unique and that the vendor, to the best of the requestor's knowledge and belief, based on the thorough research of the requestor, is the only vendor able to furnish the commodity or service.

2. Each institution shall develop and implement necessary and appropriate policies and procedures to ensure compliance with laws and State Board of Higher Education policies governing purchasing. Officers and employees involved in purchasing decisions shall comply with all applicable federal and state laws and regulations relating to conflict of interest and acceptance of gifts and gratuities. Institution purchasing policies and procedures shall incorporate (or refer to) SBHE Policy 611.4 relating to conflict of interest, and include procedures for disclosing a conflict of interest. Further, institution purchasing policies and procedures shall address whether vendors' offers of scholarships, endowments, and other premiums contained in bids or proposals will be considered and, if so, the criteria for evaluating such offers.

NDSU Guidelines

2.1 *The Director of Purchasing is responsible for the preparation and enforcement of NDSU purchasing policies. The Director of Purchasing may delegate authority to an NDSU employee to purchase specific types and classes of goods and services with prior written authorization by the departmental supervisor. This authorization shall specify what may be purchased by the employee and the duration of the purchasing authorization.*

2.2 *Purchasing has the responsibility for obligating the University and for making the final determination of source of supply consistent with the required delivery schedule, ability to meet specifications and price negotiations, except where others are so authorized. These decisions will be made in conjunction with user departments as appropriate.*

2.2.1 *In the event there is an unauthorized purchase, Purchasing will arrange to meet with the individual(s) and the supplier to reduce the potential for future non-compliance. Any unauthorized purchase may result in holding the individual personally responsible.*

2.3 *The basic responsibilities of Purchasing and those of the using departments are as follows:*

Purchasing	Requestors
Responsible for:	Responsible for:
1. Prequalifying suppliers	1. Preparing purchase requisitions
2. Taking bids	2. Providing reasonable lead time
3. Processing quotations	3. Providing justifications as required
4. Negotiating with suppliers	4. Assuring that contract and grant requirements are met
5. Making awards	5. Assuring that funds are available
6. Releasing award information	6. Others as appropriate
7. Auditing purchasing actions of others	
8. Administering a minority business development program	
9. Others as appropriate	

2.4 *No personal purchases shall be made in the name of the University nor shall any University resources be used in any way for the purpose of making personal purchases.*

2.5 *North Dakota University System, Policy 611.4; North Dakota State University Policy 151 - Conflict of Interest and North Dakota Century Code Sections 12.1-13-03 and 48-02-12 are referenced and made part of this Purchasing Policy. Any employee of the University authorized to sell or lease any property or make any contract in the employee's official capacity may not be interested in any such sale, lease or contract.*

2.6 *All employees involved in federal fund projects shall comply with the conflict of interest requirements that govern any federal grants or other sponsored agreements.*

2.7 *Equipment and supplies purchased for use by a governmental agency are not subject to sales/use tax or federal excise tax except heating fuel, gasoline and property purchased by NDSU that is installed by an independent contractor. A letter is on file in the Purchasing Department which may be sent to vendors who need proof of our tax exemption.*

2.8 *In addition to this section, all other federal and state laws, rules and regulations relating to Purchasing must be followed.*

3. NDUS institutions shall cooperate and make joint purchases with the Office of Management and Budget Purchasing Division when advantageous to do so as intended by North Dakota Century Code 54-44.4-02. Institutions may also purchase equipment or supplies through participation in joint purchasing alliances formed with other states or organizations, when it is advantageous to do so. Additional bids or proposals shall be solicited from other vendors when required by law or this policy.

3.1 *All NDSU personnel will be required to purchase from prime vendor or other annual contracts or other such pricing agreements that are established.*

4. Personal property, equipment or supplies estimated at less than \$100,000 may be purchased at the discretion of the institution. When feasible, informal quotes or proposals should be solicited from more than one vendor. Reasonable steps shall be taken to ensure that qualified North Dakota vendors have an opportunity to compete for the contract. Personal property, equipment or supplies estimated at \$100,000 or more must be purchased from formal bids. As many sources as possible, including qualified North Dakota vendors, should be solicited.

NDSU Guidelines

4.1 *NDSU employees authorized by their respective department or unit can make a single non-repetitive purchase of a good or service in the amount of \$10,000.00 or less. Purchases of \$10,000.01 and above shall be processed through the NDSU Purchasing Department.*

4.2 *With the exception of direct purchases as defined in 5 of this policy, the following procurement requirements apply to commodities and services. In accordance with N.D.C.C. §54-44.4-11(3), procurement requirements may not be artificially divided as to constitute a lesser purchase under these requirements.*

Purchases of \$10,000.01 and above shall be processed through NDSU Purchasing Department.

Purchase Price	Quote/Bid Requirement	Documentation Maintenance Requirement
-\$10,000 Less than \$10,000	At least one fair and reasonable quote. ✓ Equipment must be added to inventory if \$5000.00 or greater ✓ Software purchases must be approved by NDSU I.T. prior to purchase	Documentation not required.

<p>\$10,000 - \$50,000</p> <p>At least \$10,000 but less than \$50,000</p>	<p>Solicit informal bids or quotes or proposals from at least three vendors. May send to additional vendors.</p>	<p>Documentation is required.</p> <p>Alternate Procurement form required if competition not solicited from at least three vendors (not required if fewer than three bids or proposals are received)</p>
<p>\$50,000- \$100,000</p> <p>At Least \$50,000 but less than \$100,000</p>	<p>Solicit informal bids or proposals using SPO Online with appropriate state bidders list from at least three vendors. May send to additional vendors.</p>	<p>Documentation is required.</p> <p>Alternate Procurement form required if:</p> <ul style="list-style-type: none"> ✓ Competition is not solicited ✓ SPO Online is not used.
<p>\$100,000 +</p> <p>\$100,000 and over</p>	<p>Must be purchased using formal bids or request for proposal (RFP).</p> <p>Solicitations must be posted using SPO Online with appropriate State Bidders List from at least three bidders. May send to additional vendors.</p>	<p>Documentation is required.</p> <p>Alternate Procurement form required if:</p> <ul style="list-style-type: none"> ✓ Competition is not solicited ✓ SPO Online is not used.

5. Consulting or other contract services and insurance estimated at less than \$100,000, shall be purchased by negotiation, telephone or informal written quote or proposal. When feasible more than one vendor should be requested to submit prices to ensure appropriate competition. Reasonable steps shall be taken to ensure that qualified North Dakota vendors have an opportunity to compete for the contract. Consulting or other contract services or insurance estimated at \$100,000 or more must be purchased through a formal request for proposal process that includes procedures for identifying eligible vendors, developing a comprehensive requirements document, specifying unique needs, negotiating mutually acceptable contract terms, and listing minimum proposals requirements. Payments for services may be made only according to a written contract.

NDSU Guidelines

5.1 *Consulting services and insurance greater than \$50,000 shall be coordinated through the Purchasing Department.*

6. All service contracts for a term in excess of three years shall include a provision for review of contract performance at specified intervals, not less frequently than once every two years. Service contracts may not exceed a term of ten years.

NDSU Guidelines

6.1 *Formal bids for goods and services shall be processed through the NDSU Purchasing Department.*

7. Items which do NOT require competitive bidding are purchases made from discount contracts under a group alliance or consortium, other items possessing unique characteristics or properties which because of those peculiarities are essential to the conduct of particular research projects or instructional endeavors or sole source services. Purchases of an item or service under this exception is permitted only with the written approval of the purchasing officer or other official delegated that authority based upon documentation of:
 - a) The unique characteristics of the products, and
 - b) Specifically what task is to be performed requiring the unique characteristics of the product.

The purchasing office shall document in writing the process in all cases in which the lowest bid is not accepted. All required documentation shall be retained according to governing records retention policies.

NDSU Guidelines

- 7.1 *A letter of justification on any Sole Source Purchase not covered under a term contract, priced at \$10,000.00 and above shall be sent to the Director of Purchasing. This should be done on the Alternate Procurement Form*
- 7.2 *Items which do not require competitive bidding are:*
 - a) *Utilities such as telephone, electric power, and natural gas services.*
 - b) *Public books and maps, periodicals and technical pamphlets.*
 - c) *Services for the maintenance or servicing of equipment by the manufacturer or authorized servicing agent of that equipment when the maintenance or servicing can best be performed by the manufacturer or authorized service agent, or when such a contract would otherwise be advantageous to the state.*
 - d) *Direct purchases from any NDSU campus auxiliary service or internal service fund operation(s).*
 - e) *Term contracts created by the NDSU/NDUS/State Purchasing Personnel.*
 - f) *Consulting Services up to \$50,000 (**excluding** architect/engineering services) if the Contracted Services Agreement form is used or an agreement is reviewed and approved by the Attorney(s) assigned to NDSU. The Purchasing Department will determine if competitive bids are required for services greater than \$50,000 but less than \$100,000.*
 - g) *Construction/Remodeling Services up to \$30,000 **total project cost**, if the Contracted Services Agreement form is used and the specifications are in compliance with applicable building codes and policies and the NDUS/NDSU "Guidelines for Architects and Engineers" manual. A copy of the completed form should also be sent to the Facilities Management Director, Thorson Maintenance Center.*

8. Preference shall be given to North Dakota bidders when required pursuant to N.D.C.C. Section 44-08-01. Accordingly, preference equal to the preference given or required in the state of a nonresident bidder shall be given in purchasing any goods, merchandise, supplies, or equipment. Also, when accepting bids for the provision of professional services, including research and consulting services, the contract shall be awarded to a resident North Dakota bidder if the bid of the resident North Dakota bidder is equal to or less than the low bid of a nonresident bidder and

the resident North Dakota bidder has an acceptable performance history and meets the minimum requirements specified in the bid solicitation.

HISTORY:

Amended	July 1990
Amended	January 1997
Amended	March 2003
Amended	July 2004
Housekeeping	August 2011
Housekeeping	July 23, 2012
Housekeeping	August 31, 2015
Housekeeping	May 24, 2016
Amended	July 12, 2018