Policy 400 Version 1 *05/24/2016*

**Policy Change Cover Sheet**

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| **This form must be attached to each policy presented. All areas in red, including the header, must be completed; if not, it will be sent back to you for completion.** |
|  | *I****f the changes you are requesting include housekeeping, please submit those changes to*** ***ndsu.policy.manual@ndsu.edu*** ***first so that a clean policy can be presented to the committees.*** |
| **SECTION**:  | 400 Purchasing – General Policies  |
| 1. **Effect of policy addition or change (explain the important changes in the policy or effect of this policy). Briefly describe the changes that are being made to the policy and the reasoning behind the requested change(s). The changes are just the purchasing thresholds to bring them in line with both NDUS and State Procurement and change Sole Source to Alternate Procurement Form.**
 |
| * Is this a federal or state mandate? [ ]  Yes
* xX[ ]  No
* Describe change: To bring purchasing thresholds in line with NDUS and the State Procurement Office and to change the Sole Source for to Alternate Procurement Form
 |
| 1. **This policy change was originated by (individual, office or committee/organization):**
 |
| * Office/Department/Name and the date submitted Stacey Winter, Director of Purchasing
* Email address of the person who should be contacted with revisions Stacey.winter@ndsu.edu
 |
| ***This portion will be completed by Mary Asheim.***Note: Items routed as information by SCC will have date that policy was routed listed below. |
| 1. **This policy has been reviewed/passed by the following (include dates of official action):**
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| **Senate Coordinating Committee:** |  |
| **Faculty Senate:** |  |
| **Staff Senate:** |  |
| **Student Government:** |  |
| **President’s Cabinet:** |  |

The formatting of this policy will be updated on the website once the **content** has final approval. Please do not make formatting changes on this copy. If you have suggestions on formatting, please route them to ndsu.policy.manual@ndsu.edu. All suggestions will be considered, however due to policy format guidelines, they may not be possible. Thank you for your understanding!

**North Dakota State University
Policy Manual
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**SECTION 400
PURCHASING – GENERAL POLICIES**

SOURCE: SBHE Section 803.1, Purchasing Procedures
NDSU President

1. 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

1.1 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.

1.2 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.

1.2.1 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.

1.3 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  |  |

*1.4 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.*

*1.5 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.*

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

*1.7 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.*

1. *1.8 In addition to this section, all other federal and state laws, rules and regulations relating to Purchasing must be followed.* 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.

*NDSU Guidelines*

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

1. Personal property, equipment or supplies estimated at less than $50,000 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 $50,000 or more must be purchased from formal bids. As many sources as possible, including qualified North Dakota vendors, should be solicited.

*NDSU Guidelines*

*3.1 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 $5,000.00 or less. Purchases of $5,000.01 and above shall be processed through the NDSU Purchasing Department.*

1. 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*

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

1. Personal property, equipment or supplies estimated at $50,000 or more, must be purchased from formal bids. As many sources as possible, including qualified North Dakota vendors should be solicited. 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*

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

1. 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:
2. The unique characteristics of the products, and
3. 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*

*6.1 A letter of justification on any Sole Source Purchase not covered under a term contract, priced at $5,000.00 and above shall be sent to the Director of Purchasing. This should be done on the Alternate Procurement Form*

*6.2 Items which do not require competitive bidding are:*

1. *Utilities such as telephone, electric power, and natural gas services.*
2. *Public books and maps, periodicals and technical pamphlets.*
3. *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.*
4. *Direct purchases from any NDSU campus auxiliary service or internal service fund operation(s).*
5. *Term contracts created by the NDSU/NDUS/State Purchasing Personnel.*
6. *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.*
7. *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, merchandize, 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.

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HISTORY:

Amended July 1990

Amended January 1997

Amended March 2003

Amended July 2004

Housekeeping August 2011

Housekeeping July 23, 2012

Housekeeping August 31, 2015