

California State University, Sacramento

**PROCUREMENT AND CONTRACT
SERVICES**

POLICY MANUAL

**REVISED
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INTRODUCTION

The content of this policy manual for Procurement and Contract Services at California State University, Sacramento is intended as a guideline to assist campus employees with the processing of their business transactions for the campus. The Procurement and Contract Services Office is committed to maintaining high standards of performance based on fair ethical and professional business practices.

Personnel assigned to the Procurement and Contract Services Office is trained to assist faculty and staff so requests can be handled quickly and efficiently. The staff is available to assist you in planning and processing your requirements.

The mission of the Procurement and Contract Services Office is to provide the campus community with cost efficient and effective services with the resource level provided. The staff attempts to provide these services in a timely and courteous manner at all times. To accomplish this, policies and procedures have been established which will provide for a smooth flow of incoming requests through the procurement cycle and delivery of your supplies or services.

You are encouraged to familiarize yourself with the policies and procedures in this manual. When you have a need for our services please refer to this manual, our website www.csus.edu/proc or telephone the Procurement and Contract Services office at X87322.

The information included in this manual is reflective of State of California statutes, CSU system wide policy and University procurement procedures, policies, and practices. References may be made to Public Contract Code and the Education Code as well as other California codes. California codes can be found at www.leginfo.ca.gov

Procurement transactions not made in the prescribed manner through the Procurement and Contract Services office are unauthorized and payment cannot be made. These transactions constitute orders which are in direct violation to the Government Code and are the responsibility of the individual and not the University.

AUTHORITY AND DELEGATION

California State University, Sacramento is one of twenty-three campuses which are collectively administered by The Trustees of the California State University. The Trustees are responsible for chief administration of the campuses. Their delegation is passed to the Presidents of the Universities to administer affairs at the individual campus level. In turn, each President delegates authority and responsibility to University Administrators. *Procurement and Contract Services has sole delegation to enter into contracts for purchases, services, legal agreements, revenue agreements and all vendor agreements.*

Persons Authorized To Commit State Funds

Authority to sign purchase orders, contracts and interagency agreements, and to certify contractual documents is limited to California State University, Sacramento Procurement Officers and Administrators who have been duly authorized in writing by the campus President and whose names and position titles are on file in the Chancellor's Office, Auxiliary and Business Services.

CALIFORNIA STATE UNIVERSITY, SACRAMENTO STAFF AND FACULTY OTHER THAN THE ABOVE ARE NOT AUTHORIZED TO COMMIT UNIVERSITY FUNDS. THE END USER IS ONLY AUTHORIZED TO REQUISITION TO THE ABOVE OFFICERS TO COMMIT THE FUNDS.

Definition of Committing State Funds

The following actions constitute committing funds:

- Authorizing a vendor to provide a service or ship an item without an approved purchase order, unless otherwise authorized in this manual.
- Approving a purchase order, service order, or emergency request.
- Signing any contractual agreement naming California State University, Sacramento or its employees, officers or agents as a party to the agreement. This includes but not limited to, license agreements, facility rental contracts, Memorandums of Understanding, maintenance agreements and order forms.
- Picking up merchandise without an approved purchase order unless otherwise authorized in this manual.

METHODS FOR PROCURING GOODS AND SERVICES

Standard policy does not permit campus departments to place orders directly with vendors and service providers, apart from using the universal delegation of authority that permits acquisitions to be made under the Procurement Card program, Direct Payment Program or through the use of a petty cash fund. Instead, requisitions must first be submitted for processing to the Procurement and Contract Services Office.

There are four different methods which have been established to assist campus departments in obtaining goods and services, they are as follows:

- Use of a requisition entered via CMS for issuance of a purchase order, service order or contract.
- Use of a California State University, Sacramento issued Procurement Card (for transactions of common low value items within dollar and other limitations). Information on the Procurement Card Program is available on the Procurement and Contract Services website at www.csus.edu/proc and in this manual.
- Use of the Direct Pay Program for specific items as administered by the Accounts Payable Office. Information regarding the Direct Pay Program is available on the Accounts Payable website at www.csus.edu/acpy
- Use of the Petty Cash program for specific transactions costing less than \$50.00 as administered by the Student Financial Services Center. Information regarding the Petty Cash Program is available on the Student Financial Services Center website at www.csus.edu/sfsc

HOW TO REQUISITION SUPPLIES AND SERVICES

Several types of orders can be issued to a vendor from an approved requisition. Examples of these types are: Purchase Orders, Service Orders, Contract or Formal Agreement, and Leases. The determination on which transaction document and method to be used by the Procurement and Contract Services Office is based on the item requested, the type of funding to be used and the dollar amount involved.

The Procurement and Contract Services Office responds to all departmental requests upon receipt of a requisition. Individual requestors must submit a requisition for the acquisition of any good or service to be purchased. This procedure must be followed for the reasons listed below:

- The campus Receiving Department cannot accept delivery of goods where no purchase order has been issued.
- The campus Accounts Payable Office can not make payment without a purchase order.
- It is illegal to willfully disregard any regulation pertaining to University purchasing authority, established State contracting procedures, and bid requirements.

Requisitions submitted to Procurement and Contract Services are done so via the Common Management System (CMS). Departments are expected to provide at least one suggested vendor whenever possible. The Procurement and Contract Services Office maintains a list of vendors and catalogs for many products and services along with other resource material to aid you in locating a vendor. The Buyer assigned to the request may choose to issue the order to a vendor other than the vendor recommended by the department if it is the interest of the University to do so.

In the event a requisition is received in the Procurement and Contract Services Office with important information missing, the Buyer assigned to the request will contact the end user asking for additional information. In instances where the Procurement and Contract Services Office can verify missing information quickly and correctly, the requisition will be processed without interruption.

As a general rule, most requisitions under \$50,000.00 will be processed into a purchase order within 5 business days from receipt by the buyer. Providing the Procurement and Contract Services Office with complete and accurate requisitions will assure that your merchandise arrives quickly and correctly. Requisitions submitted with a recommended vendor which is a large business may be informally quoted by the Buyer to extend fair competition to California Certified Small Businesses and Disabled Veteran Owned Business Enterprises (DVBE).

UNDER NO CIRCUMSTANCE SHOULD A UNIVERSITY EMPLOYEE CIRCUMVENT UNIVERSITY PROCUREMENT PROCEDURES BY ORDERING DIRECTLY FROM A VENDOR PRIOR TO RECEIVING AN AUTHORIZED ORDER NUMBER. NOTE: REQUISITION NUMBERS OR BID NUMBERS ARE NOT TO BE USED AS PURCHASE ORDER NUMBERS.

REQUIREMENTS COMMON TO ALL TRANSACTIONS

The contents of this section apply to all procurement transactions, i.e., acquisitions of personal property (goods) or services, information technology (IT) orders and contracts, and the sale, lease, and license of University personal property. It excludes public works, which is covered separately in this manual. The intent of this section is to achieve the following:

- Clarification on the laws and policy with respect to competitive bidding requirements;
- Protection of the public from the misuse of state funds;
- A fair opportunity for all qualified bidders to enter the bidding process, thereby adhering to sound business practices and state fiscal policies;
- Prevention of favoritism, fraud, and corruption in the awarding of University contracts

Defining Characteristics of Purchase Orders, Service Orders and Contracts

Proper classification of requests is necessary as a first step in determining which solicitation process is appropriate.

A purchase order, once issued under proper authorization to a vendor who has been duly informed of the intent to buy a *commodity* offered at a specified time and price and under mutually agreed upon terms and conditions, is a legally binding contract. However, it differs from a contract (formal signed agreement) in that only one party (the issuer) is required to sign it.

This is a purchase that has as its sole or main purpose the buying of tangible items, such as equipment, parts, supplies, or other merchandise. If any services are to be provided as well, the dollar value associated with the purchase of the goods must be greater than the dollar value of the services that will be provided.

A service order is an instrument that technically can be used in much the same manner as a purchase order (signed unilaterally by the issuer), except that a *service* rather than a *commodity* is proposed to be rendered to the requester.

Service means any work performed wherein the service rendered does not consist primarily of the acquisition of goods. This classification does not include public works project agreements, or professional service agreements in connection with a public works project.

A contract is a formal agreement, signed by all parties who are to be bound (legally) by its terms and conditions. Contracts can be issued for any number of purposes, but usually the purpose is to acquire a service or commodity from a provider in exchange for some form of consideration (usually money). The CSU Agreement form is commonly the instrument used for such a contractual purpose.

Competitive Bidding

The promotion of fair and open competition by the University in the acquisition of goods and services to meet its needs is indispensable to maintaining its operational health. Not only does it normally result in the best use of the University's limited financial resources, but also by preventing favoritism, it provides a professionally viable climate in which the Procurement and Contract Services Office may conduct its business. When properly implemented, it achieves

optimal benefits to everyone involved, including the general public in regard to the best use of the University's budget as appropriated by the California Legislature.

There are numerous ways to promote fair and open competition. They include, but are not limited to, public advertising for bids or proposals; the use of the California State Contracts Register (CSCR); direct notifications to known vendors and service providers; initiating outreach programs, an extensive use of vendor and contractor source files for bidding purposes and simple telephone calls to obtain informal quotes.

Requisitions which are generally processed without formal bidding at the buyer's discretion are as follows:

- Requests for supplies or equipment which total \$50,000.00 or less where recommended vendor is a California Certified Small Business or Disable Veteran Business Enterprise (DVBE).
- Requests for services which total \$50,000.00 or less.
- Supplies ordered from existing State Contracts, State Price Schedules, CMAS Agreements, or CSU Master Agreements.

Competition is sought, via either formal or informal solicitation, for transactions under \$50,000 whenever the Procurement and Contract Services Office determines that competition is necessary to develop a source, validate prices or for other sound business reasons. Informal solicitations may be secured either orally or in writing. The number of vendors from whom quotes or bids are solicited is the responsibility of the Buyer and will generally depend upon the size, complexity of the purchase, and market conditions.

Solicitation Methodologies

The selection of a vendor or contractor to satisfy a university need is not necessarily based upon the lowest responsible bid or quote received. While this certainly must be a prime criterion, the quality of the product or service, provider reliability, warranties and several other factors also can (and often should) enter into the decision to award an order or contract.

In general, awards are based upon one of three different solicitation approaches:

1. A RFQ (request for quotation) may be utilized to obtain price quotes for products or services whenever the estimated cost is less than the threshold established in policy for acquiring formal bids.
2. An IFB (invitation for bid) based upon the acceptance of the lowest responsible bid for a product that has been fully described with detailed specifications accompanying the solicitation.
3. A RFP (request for proposal) awarded on the basis of the highest score attained from an evaluation process. The RFP conveys essentially what is needed but leaves the detailed specifications to the proposer.

Limits on Competitive Bidding (use of Sole Source, Sole Brand and Or Equal clauses)

No agency or employee of the State of California may draft any specifications for bids in connection with the purchase of supplies or materials in such a manner as to limit the bidding to any one bidder. Likewise, no invitation for bid or request for proposal may be drafted for services in such a manner as to limit the bidding to a single bidder.

There are occasions when only a single source (or a single brand) exists or is suited to accomplish the need at hand. When this is the case, documentation is required to show why a non-competitive award must be issued. Such documentation is termed *justification*.

Except in cases where a product of a specified brand name is the only product that can properly meet the needs of a requester, the drafting or application of specifications or bid requirements that directly or indirectly limit the bidding to a single brand is prohibited. A *brand name or equal* is a competitive process that allows bidders to propose equivalent items.

Sole source or sole brand requests shall not be justified on the basis of:

- A lack of advance planning by the requiring activity
- Concerns related to the amount of funds available
- A previous non-competitively bid contract in which the price was zero or substantially below fair market price and the results of such contract caused the sole source or sole brand to be required on future contracts.

A sole source procurement is permissible only when a determination has been made and approved in writing that only one source exists for the required product or service. A requirement for a proprietary (or sole brand) item does not necessarily justify a sole source procurement, as more than one potential bidder or supplier may exist who can supply that item.

A request for a sole source acquisition must include a written justification explaining why the sole source is necessary to satisfy the needs of the requester. The justification shall include the following information:

1. The unique performance factors required;
2. Why these factors are required;
3. What other sources have been considered and rejected and why.

The Procurement and Contracts Office provides Sole Source and Sole Brand Justification Forms on their website at www.csus.edu/proc for campus use. A completed form is required for sole source and sole brand requests that entail expenditures of \$50,000 or more.

Payee Data Record (State Form 204)

A State Standard Form 204 must be completed by each vendor or contractor (except for a State or other governmental entity) doing business with the State of California. The Form is provided to the vendor or contractor by the Procurement and Contract Services Office and must be completed, signed and returned before payment is rendered. If not already on file Procurement and Contract Services will provide the form to the vendor with the purchase order. If the

requesting department obtains the form it should be forwarded to Procurement and Contract Services noting the requisition or purchase order number on the form.

Multi-Year Contracts

A contract for goods or services may be entered into for any period of time deemed to be in the best interests of the University provided the term of the contract and conditions of renewal or extension, if any, are included in the solicitation.

Contracts extending into future years must include a provision stating that continuation of the contract is subject to the appropriation of funds by the California Legislature.

In developing multi-year contracts, consideration should be given to the expected changes in the applicable price levels throughout the term of the contract.

CSU Master Agreements

CSU Master *enabling* Agreements are instruments of a pooled purchase or consortium solicitation whereby all CSU campuses, may participate and take advantage of volume-discounted acquisitions. The CSU can also enter into such Agreements on a cooperative basis with select external organizations (such as other universities or public entities) wherever no conflicts exist in the laws, policies and regulations that govern the respective contracting/purchasing operations.

Unless stated otherwise within the terms of the Master Enabling Agreement, acquisitions placed against Master Enabling Agreements that resulted from solicitations where multiple Master Enabling Agreements were awarded shall be competitively bid so as to result in offers from two or more of the vendors that were awarded a Master Enabling Agreement. Such competition may be the result of an informal bid process. Master Enabling Agreements resulting from a formal competitive process and where only one vendor was awarded an agreement do not require further competition.

State Contracts

The California State Department of General Services (DGS) negotiates State contracts and master agreements for commodities and services that generally represent the best value to State agencies and the CSU. They can be used whenever appropriate.

A California Multiple Award Schedule (CMAS) is an agreement established between the DGS and vendors already contracted with the federal General Services Administration (GSA) and who agree to the State of California terms and conditions as imposed by the DGS.

Acquisitions based on CMAS or State Master Agreements shall be competitively bid so as to result in offers from three or more vendors including at least one Certified Small Business, if available.

Small Businesses and Disabled Veteran Business Enterprises

It is required by the CSU that all campuses utilize vendors who have been certified by the State of California as Small Business or DVBE whenever possible to ensure a fair portion of the total purchases and contracts be placed with such enterprises.

The CSU has established a Small Business Advocate and California State University, Sacramento has a designated campus Small Business Advocate.

Acquisitions that are estimated to be greater than \$50,000.00 and less than \$100,000.00 may be awarded to a Certified Small Business or DVBE, as long as price quotations have been obtained from two or more Certified Small Business or DVBE without further competition.

The Buyer may elect to solicit quotations and issue orders to a Certified Small Business or DVBE instead of the recommended vendor for requisitions of any dollar amount if it can best serve to attain the small business and DVBE goals of the Procurement and Contract Services Office.

The State of California has established a 5% small business preference. The preference is applied during competitive bidding. To provide small businesses an opportunity to request preference, the small business preference form or equivalent statement must be included in all bid solicitations and proposals. Buyer must verify small business status prior to preference being granted.

The CSU in accordance with the State of California requires all CSU campuses comply with DVBE goals of 3% participation.

In addition the campus policy is to require compliance with the DVBE requirement on agreements, purchases, or service orders whenever possible in order to obtain the 3% goal.

Change Orders to reflect Price Changes or Other Modifications

A Change Order is prepared by the Procurement and Contract Services Office in response to an Amendment Request from the campus requestor that details the need for a required change. Change Orders can include such things as price revisions, quantity adjustments, delivery or shipping corrections or descriptive changes in the goods or services being requested. An Amendment Request Form must be submitted to Procurement and Contract Services before a Change Order is prepared and issued. The Amendment Request Form shall be signed by the individual authorized to make the expenditure. The Amendment Request Form is located on the Procurement and Contract Services website at www.csus.edu/proc.

Emergency Acquisitions

As defined in State statute, an *emergency* means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services. When such an emergency requires the immediate issuance of a purchase order, standard agreement or service order that would otherwise require a formal bid solicitation, a justification must be prepared by the requestor that includes an attestation that an immediate threat to the public health, welfare or safety or damage to State property exists. The justification must describe what is being procured, why it is needed, and why formal bids could not be solicited. It must be approved by a

department head and then submitted to the Procurement and Contract Services Office for approval.

Urgent Non-Emergency Requests

If you have a circumstance arise that requires urgent attention but is deemed a non-emergency, your request **must be entered into CMS**. Once entered, you may call the appropriate Buyer and, if approved, the request will be transferred on-line and assigned a purchase order number.

Splitting of Orders

Splitting of purchase orders to avoid the bidding requirements is not permitted. It is prohibited under any circumstances to circumvent these procedures by splitting purchases into a series of two or more requisitions.

Advance Payments

Payment in arrears is the prescribed method of remitting payments for State acquisitions. Advance payments on some types of transactions are permitted, however, where it can be determined that there is no other way to obtain the service or commodity, where the advance payment is determined to be in the State's best interests, or wherever specifically authorized in law.

Multiple Requisitions Merged as a Single Order

Two or more requisitions from a given campus department shall, when required or when deemed practicable, be merged into a single purchase order. Since the processing of every purchase order incurs a cost factor, this policy is intended to cut administrative processing expenses. Multiple requisition numbers may be combined on a purchase order that is initiated automatically in CMS.

Prison Industry Authority

California Prison Industry Authority (PIA) is an agency within the State that operates as a training facility for rehabilitation purposes. A wide range of trades are taught resulting in the production of numerous items, which are in turn sold. One of their principal products is furniture. California State University, is encouraged to purchase items through Prison Industry Authority. Catalogs of their product line are located in the Procurement and Contract Services Office for check out or online at www.pia.ca.gov.

REQUIREMENTS SPECIFIC TO COMMODITY TRANSACTIONS

In addition to the requirements common to all transactions, special requirements contained in this section also apply to the procurement of personal property. As used in the following section, *personal property* and *goods* mean all types of tangible personal property, including materials, supplies and equipment.

Informal Bidding for Orders Less Than \$50,000

Competition is not required for commodities on informal (non-bid) acquisitions of an amount less than \$50,000 unless the campus buyer assigned to the request determines that competition is necessary to develop sources, validate prices or for other sound business reasons. Whenever possible, efforts shall be made to secure quotations and develop sources from small businesses and disabled veteran business enterprises.

Formal Bidding for Orders of \$50,000 or more

- A. **All acquisitions greater than \$50,000 and less than \$100,000 from Certified Small Business:** These acquisitions may be awarded to a Certified Small Business or DVBE without a formal bid, as long as price quotations have been obtained from two or more Certified Small Businesses and/or DVBE's

- B. **All other acquisitions:** Except in cases where it has been determined that (a) only one source - including opportunity purchases - or that only one brand or trade name of a commodity will properly meet the needs of the CSU or (b) if the commodity is to be purchased from a certified Small Business at a cost estimated to be at least \$50,000 but less than \$100,000 all purchases of \$50,000.00 or more (excluding sales tax and shipping costs) must be formally bid and awarded to the lowest responsible bidder meeting specifications.

Office Supplies

A full line of office supplies is available through a CSU multi-campus agreement with Office Max, with 24-hour daily delivery service. Departmental requesters are provided with computer-accessed catalog ordering and a direct ordering link with the vendor. Requests for routine consumable office supplies are required to be placed with Office Max per the contract unless otherwise noted. When supplies are required that are not available from the current contracted vendor, a requisition may be submitted via CMS to the Procurement and Contract Services Office and the request filled by an alternate supplier. Equipment, furniture, medical supplies, cleaning supplies and other items in the office supply catalog are not considered routine office supplies. Those needs must be requested via CMS.

Printing

All requests for printing must have approval from the Reprographics Department, on campus, before Procurement will process the request. Requirements for printing are to be submitted on a requisition via CMS and are not allowed to be paid through the Procurement Card or Direct Pay programs. Most of your printing needs can be performed on campus. If special printing is required, an outside vendor can be used if the above approval is granted. Off campus printing requirements are subject to the same bid requirements as all other requisitions so plan your printing needs in advance.

Food and Food Related Purchases

The purchase of food and food related items fall into two categories:

1. Catered Food and Events – All food from University Enterprises, Inc (UEI) falls into this category as well as other catered events from vendors other than UEI.

All services for food or other items which involve catering must be paid via a purchase order and therefore the requesting department must submit their request via a requisition through the CMS system. Requisitions should be submitted well in advance of the event to allow time for processing. The purchase order number will be provided to the vendor by the requesting department for invoicing purposes.

2. Non-Catered Food Purchased from vendors other than UEI

The purchase of food from any vendor where catering is not involved can be done using one of the following methods.

- Procurement Card
- Direct Pay (reimbursement over \$50.00)
- Petty Cash (reimbursement under \$50.00)

Campus employees who do not have a procurement card and must pay for business related food expenses may request reimbursement after the fact via either the Direct Pay Program or the Petty Cash Program depending on the dollar amount of the purchase.

All non-catered food purchases must include description and date of event, list of attendees, justification for service, and receipt showing proof of payment.

Blanket orders for food related expenses are not allowed for individuals but are allowed for businesses on a case by case basis.

All food purchases must meet the Business Related Hospitality Expenses policy Executive Order #761 as stated in the California State University, Sacramento Policy Manual.

Equipment

State property is classified as either expendable (operating expense) or non-expendable (equipment).

1. Expendable Property consists of (a) expendable tools and equipment and (b) materials and supplies. Expendable property is purchased from operating expense allotments.
2. Non-expendable Property consists of (a) land, (b) improvements, (c) equipment, and (d) intangible assets, such as patents or copy rights. Equipment is defined as movable articles of non-expendable property which have all the following characteristics and are purchased from equipment expense allotments:
 - A normal useful life (including extended life due to repairs) of two years or more.
 - An identity which does not change with use (i.e. not consumed by use or converted by fabrication into some other form of property).

There are exceptions, if you are in doubt about a classification, call Procurement at X87322.

Equipment items which cost up to \$199.99 will be designated as purchase orders and an Operating Expense account must be used. Equipment items \$200.00 and over will be designated as equipment orders by the Buyer and an Equipment Expense account must be used.

Carpeting

Only designated areas as indicated in the State Administrative Manual are authorized to receive carpeting. All carpeting must be discussed with and approved by Facilities Services. Facilities Services will request carpet for an authorized department through Procurement and Contract Services.

Security Systems

All security/alarm systems must have the approval of Public Safety and Facilities Services before submitting a request through CMS. Procurement will require a written authorization from Public Safety and Facilities Services before proceeding with the request.

Vehicle Purchases

In addition to the normal requirements for purchasing any State personal property, the acquisition of new or used motor vehicles for campus use necessitates additional registration and certification procedures, along with a prior approval by the fleet administration office located within the Facilities Services Department. Registration and certification procedures are specified within the contents of the California Vehicle Code sections 4000-6100. It is campus policy to purchase new vehicles using State contracts negotiated by the Department of General Services (DGS) whenever it is practical. Exceptions may be made on the basis of an emergency or the availability of a more favorable price for a vehicle that closely approximates the specifications of the vehicle for which the State is under contract. When a State contract is not used, vehicles shall be procured by a method that documents reasonableness of price. This may be via solicitation of bids or by the use of other contracts.

Copy Machines and Duplicating Equipment

All requests for copy machines and duplicating equipment must have approval from the Photocopy Department, on campus, before Procurement and Contract Services will process the request. Requirements for copy machines and duplicating equipment are to be submitted on a requisition via CMS and are not allowed to be paid through the Procurement Card or Direct Pay programs.

Hazardous Materials

Purchases of hazardous materials are restricted by the university to only those offices and individuals that are specifically authorized to do so. The Hazardous Substances Information and Training Act in the California Labor Code specifies that purchase orders for chemicals, solvents or other products that may contain any kind of hazardous material include a vendor requirement to furnish a Material Safety Data Sheet for the commodity being purchased.

Recycled Products

The Procurement and Contract Services Office is required to establish purchasing practices that ensure, to the maximum extent economically feasible, the purchase of materials, goods and supplies that are recycled or have recycled material within their content. Purchases of materials, goods and supplies that are recycled or have recycled material within their content shall be given preference whenever fitness and quality are equal and the cost of such products is no greater than that of their non-recycled counterparts.

Restricted Purchases

In addition to the above, the purchase of certain products is restricted by the University. Authority to purchase certain other items is restricted to designated offices and/or individuals. The Procurement and Contract Services Office periodically distributes lists of these items and issues notices of other items being added to the list or items being removed from the list. Some of the items that are restricted include, but are not limited to, live animals, two-way radio equipment and licensed frequencies, janitorial supplies, power tools, appliances, personal items, fire extinguishers, radioactive materials, medical supplies and equipment, hazardous substances such as solvents, toxic materials, and chemicals, ethyl alcohol, narcotics and dangerous drugs, firearms and other weapons, precious metals, and explosives.

Direct Receipts of Commodities by Requesters

Requesters may receive items directly from a vendor in two ways:

1. Requester or requester's department picks up the item. The requestor or requester's department may pick up an item directly from a vendor whenever such action is appropriate, but the desire to pick up items must be noted on the requisition submitted to the Procurement and Contract Services Office via CMS. Failure to make this notation can result in either a non-shipment or a double shipment of the item.
2. Vendor delivers order directly to the requester's department without going through Central Receiving. Whenever the requester or requester's department receives the item directly, Central Receiving must be immediately notified of the receipt. A failure to notify can result in a late payment to the vendor and a late payment penalty charge against the University.

REQUIREMENTS SPECIFIC TO SERVICE TRANSACTIONS

In addition to the requirements common to all transactions, special requirements contained in this section also apply to the procurement of services either via a purchase order or formal contract.

This Section shall apply to the following kinds of transactions:

- Service Agreements;
- Independent Contractor and Consulting services;
- Equipment rental or lease agreements;
- Service Orders.

This Section shall not apply to the following kinds of contracts:

- Public Works Agreements, including public works maintenance contracts;
- Professional Services Agreements in connection with a public works project (such as contracts for architectural or engineering services);
- Lease, license, sales or exchange of real property;
- Purchase of goods (materials, supplies or equipment).

Informal Bidding for Services

All transactions made under the CSU procurement authority shall be designed to encourage active competition among all those seeking to become providers of services to the campus. Efforts shall also be made to secure quotations and develop sources from small businesses and disabled veteran business enterprises.

- A. **Acquisitions Less than \$50,000:** Competition is not required for services on transactions of an amount less than \$50,000 unless the Purchasing Office determines that competition is necessary to develop sources, validate prices or for other sound business reasons.
- B. **Acquisitions greater than \$50,000 and less than \$100,000 from Certified Small Business:** Acquisitions that are estimated to be greater than \$50,000 and less than \$100,000 maybe awarded to a Certified Small Business or DVBE as long as price quotations have been obtained from two or more small businesses and/or DVBE's.

Formal Bid Requirement Threshold of \$50,000 or more

Except in cases where it has been determined that there is but one source that can properly meet the needs of the campus, a service estimated to cost \$50,000 or more must be formally bid and awarded to the competitive bidder who offers the best value to the University. Bids for services in excess of \$50,000 shall also be advertised in the California State Contracts Register. All transactions made under the CSU procurement authority shall be designed to encourage active competition among contractors wishing to become providers of services furnished to the CSU. Efforts shall be made to meet the goals established for Small Businesses and DVBE firms.

The Service Order

The Service Order may be used to obtain various kinds of services on an informal basis (the cost must be less than \$50,000) whenever it is determined that there is no need to require both parties to sign a formal agreement, or where timing or circumstances (such as an emergency repair need) make it impractical to employ a formal agreement. The Purchase Order form is normally used to accomplish the objectives of a Service Order.

Commencement of Work

Except in cases of emergency to protect human life or State property, work shall not commence on any contract until the contract has been approved by the appropriate authority. Any work performed by the contractor before the date of approval can be considered as having been done at the contractor's own risk, and potentially as volunteer work.

Moving Expenses

Operating policies and procedures that govern moving expenses and relocation allowances for newly recruited University personnel and active employees are maintained by the Accounts Payable Office. The Procurement and Contract Services Office involvement is minimal, normally limited to the issuance of a travel order with the household goods moving company that is specified on a departmental travel requisition. Negotiated CSU system-wide Master Agreements for personnel relocation may be available for any given move and are encouraged to be used.

Independent Contractors and Consultants

Service contracts between the campus and individual contractors (including *consultants*) are useful for providing the campus with certain skills and working experience that may not be available from the ranks of existing staff for a particular task or that are inaccessible at the time the task is to be performed. Supporting documentation for such contracts must confirm, however, that an independent working relationship will exist between the two parties for the entire term of the agreement. Information to help requestors determine independent contractor/employee status is available on the Procurement and Contract Services website at www.csus.edu/proc.

Bids may or may not be solicited for an independent contractor depending upon (a) whether the cost of the contract is estimated to be \$50,000 or more, and (b) whether the proposed provider of the service is considered to be a sole (unique) source. ***A proposed contractor cannot be an employee of the University.***

Guest Artists and Lecturers

A commitment for a guest artist performance or a lecturer's appearance should take the form of a Direct Payment request and be submitted to the Accounts Payable Office for payment. Sole source justification is not required due to the unique nature of the service. Occasionally, the guest or guest's agent will provide a *contract* for signing. The *contract* must be reviewed, approved and countersigned by the Procurement and Contract Services Office prior to the service being performed. Also, a Payee Data Record Form must be completed by the guest or guest's agent at this time.

IMPORTANT: If the guest artist or lecturer is a non-resident alien, advance notification must be given to Accounts Payable because of the required documents that need to be obtained. Please contact the Accounts Payable supervisor as soon as possible when arranging your event. Go to <http://www.csus.edu/audit/NRAPayment.htm> for more information.

Leases of Real Property

The Trustees of the CSU are authorized, under statutes within the Education Code, to enter into real property lease agreements having provisions that are consistent with the mission of the University.

It is required that the Procurement and Contract Services Office be contacted for consultation in advance of the initiation of any action toward the development or execution of a lease on real property.

Risk Management and Liability Insurance Requirements

The Procurement and Contract Services Office is responsible for minimizing contractual liabilities to the University and ensuring that the insurance requirements of the university are met.

Evidence of general liability insurance or bond coverage is required for contracts involving any activities that put the State, the CSU or the campus at risk. Such agreements include, but are not limited to, those for custodial services, landscaping, refuse collection, elevator maintenance, shuttle bus services, pest control, equipment rental or repair, building repairs, and any other contracts where the services are being performed on campus.

Employment Advertising

Departments shall utilize their Procurement Card for the placement of job advertisements. Departments that do not have a Procurement Card may access the Procurement Card Program web page (below) to download the "Procurement Card Request" form.

http://www.csus.edu/proc/proc_card.htm

New users should review the Procurement Card Manual (also available at the same website) prior to requesting a card. The maximum expenditure per transaction on the Procurement Card is \$1,000.00. Requests for exceptions will be handled on a case-by-case basis and should be addressed to Michelle Bianco at extension 8-8607, or via e-mail biancom@csus.edu. As with all transactions on the Procurement Card, there will be a chargeback to the department. There will be no entering of information into the CMS/PeopleSoft Requisition Process.

Use of the Procurement Card will result in the following changes in the faculty, staff, and management recruitment process:

- Departments will no longer need to submit requisitions through the CMS/PeopleSoft Requisition Process
- Departments will no longer need to submit to the Procurement Office the text of the ads that will be placed
- It is still necessary for departments to secure prior approval of all advertisements as follows:
 - Text for full-time faculty advertisements must be approved by the college dean
 - Text for part-time faculty and all MPP positions must be approved by the Office of Human Resources
 - Text for staff positions must be approved by the Office of Human Resources

STOCK RECEIVED REPORTS

Central Receiving is responsible for entering Stock Received Report information into CMS on all orders delivered through Receiving. It is the responsibility of the department to submit a Stock Received Report to the Receiving Department to be entered into CMS on orders that

bypass the Receiving Department (i.e., goods delivered directly to the department or picked-up by the department).

Orders placed through Procurement Services and picked-up by the department or delivered directly to the department by the vendor the following procedures will be followed.

1. Upon receipt of the order, the department will complete the Stock Received Report and forward it to Central Receiving, insuring it includes:
 - Purchase Order Number
 - Which items were received
 - Whether the order is partially or completely received.
 - Signature of person responsible for receipt of the order.
 - Date the order was received.
2. Central Receiving will then enter the information into CMS.

A copy of the order printed from CMS or a copy of the packing list may be used as the Stock Received Report Without Stock Received Report information from the department, invoices cannot be paid.

RETURN STOCK REPORTS

Periodically you will receive a package which (1) does not contain what you ordered, (2) is damaged, (3) is a duplicate of an order already received, or, (4) a problem has developed after the order has been issued and the materials received.

You must, **at the time a problem is discovered**, issue a Return Stock Report (RSR), prepared on 5-part NCR form, obtainable through Reprographics Department. Forward the first three (3) copies of the Return Stock Report to The Procurement and Contract Services Office and we will notify the vendor, Accounts Payable and Central Receiving. The fourth copy of the RSR should be retained by the department, the fifth copy should be attached to the package to be returned. Upon notification by the vendor (Return Authorization), Procurement and Contract Services will notify Central Receiving and the merchandise will be picked up at the requesting department by Central Receiving.

Be sure to keep all paperwork that is received with the materials in the package.

Packages are not to be returned to Central Receiving through the campus mail, Central Receiving will pick up returned items upon notification by Procurement and Contract Services.

If you have already contacted the vendor and made arrangements to have the material returned please check the appropriate box on the bottom portion of the report before sending to Procurement and Contract Services.

The following actions and/or information should be provided by the vendor:

Authorization to return the item(s)
Return Merchandise Authorization Number
Replacement with the correct item if applicable

ADDITIONAL INFORMATION

Common Management System (CMS)

CMS is an internet-based real time system which enables the University to automate many requisition and purchasing functions and therefore reduce the paperwork required by both the departments and the Procurement and Contract Services staff.

This system allows for electronic entering of department requisitions which are then converted to purchase orders by the Procurement and Contract Services Office.

Each system operator is assigned a user name and password to allow them access to CMS in order to enter and review necessary information. To obtain access to CMS, contact the Business Information Services Department at ext. 87456 or click www.csus.edu/bis to visit their website.

Detailed information and training materials for CMS are available at the Procurement and Contract Services website at www.csus.edu/proc.

Procurement Card Program

The Procurement Card Program is part of the Procurement and Contract Services Department. The Procurement Card is a MasterCard Card, issued to a specific individual, through GE Capital Financial. The card is used by Sacramento State employees who have been delegated authority to purchase small-dollar items for University use. The cardholder is authorized to purchase directly on behalf of Sacramento State. The bill is paid by Sacramento State to the bank.

For more information regarding the Procurement Card Program visit the Procurement and Contract Services website at www.csus.edu/proc.

Invoices

Occasionally a vendor will send an invoice directly to the requesting department for items they have requested. All invoices and questions regarding invoices should be directed to the Accounts Payable Department, X-86476, mail stop 6004.

Property Accounting and Inventory

This function is performed by the campus Property Accounting unit. There are certain items of State tangible property that are required to be shown on the accounting records as capitalized assets and, therefore, be included in the campus's financial balance sheet. Such items must meet the following three criteria to be so included:

- A. Have a normal useful life of at least one year;
- B. Have a unit acquisition cost of at least \$2,500;
- C. Be used to conduct State business.

High-risk property costing at least \$500, but less than \$2,500, is tracked by campus departments, but is not capitalized. Such items include (but are not necessarily limited to) computer equipment

and other high tech equipment and components that departments determine to be vulnerable to loss because of their marketability and portability.

As property items are purchased that meet these criteria, they are identified as capitalized property by a process called *tagging*. The tagging of these items with a campus identification number helps Property Accounting to keep inventory records of all capitalized property on campus. It also permits a means of conducting periodic audits (reconciliation) of property holdings on the campus, as well as to help prevent losses.

Public Works

Projects which involve the erection, construction, alteration, repair or improvement to any State structure, building, road, or other improvements are considered Public Works projects. All Public Works projects are coordinated through Facilities Services for processing by Procurement and Contract Services.