SOUTHWEST MINNESOTA STATE UNIVERSITY

Business Services Internal Procedure

Purchasing and Contracting Procedures

Effective July 1, 1996, MNSCU received new Purchasing and Contracting authority from the State Legislature. The following procedures are in response to this new authority:

Purchasing

All purchasing activity shall be subject to Minnesota Statute 471.345 Uniform Municipal Contracting Law. Procedures for SMSU will follow these established guidelines. Special circumstances and emergency requirements will be handled at the discretion of the Director of Purchasing and with the assistance of the MnSCU office when needed. The Director of Purchasing will oversee all purchasing, bidding and contracting to insure that the guidelines from the MnSCU system office have been followed, to assist in realizing the greatest possible savings, and insure the stewardship of University funds.

Purchases of $1,000 or less: If the amount of a purchase is $1,000 or less, it may be processed with one quotation (verbal, written, fax, Internet, or catalog) from the vendor, however it is highly recommended that the department solicit at least two quotations where possible to realize potential savings, stewardship of state funds, and give equal opportunity to vendors to do business with Southwest Minnesota State University. Where desired, the Purchasing Office will obtain the quotations.

Purchases of $1,001 to $5,000: If the purchase is greater than $1,000 and less than $5,000, at least two quotations shall be obtained when at all possible. These quotations may be obtained by the requesting department or the Purchasing Office by any method mentioned above but must be followed up with a written quotation. Based upon the situation and circumstances, the Director of Purchasing may waive this requirement if determined in the best interest of the University.

Purchases of $5,000 to $10,000: If the purchase is greater than $5,000 and less than $10,000, at least two quotations shall be obtained. These quotations may be obtained by the requesting department or the Purchasing Office and shall be in writing. Based upon the situation and circumstances, the Director of Purchasing may waive this requirement if determined in the best interest of the University.

Purchases of $10,000 to $25,000: If a purchase is estimated to exceed $10,000 but less than $25,000, competitive bids will be taken by the Director of Purchasing. Based upon the circumstances and type of purchase, the Director of Purchasing will determine the process to solicit bids from the options available.

Purchases of $25,000 or more: If the amount of the purchase is estimated to exceed $25,000, advertised formal sealed bids shall be solicited through public notice and direct solicitation by the Director of Purchasing. Bids for purchases over $25,000 must be advertised by publishing a notice at least two weeks prior to the bid opening in an official newspaper.

Purchases over $100,000: When purchases are in excess of $100,000 and the vendor has had more than 40 full-time employees in the past year, the vendor must obtain a certificate of affirmative action plan compliance from the State of Minnesota, Department of Human Rights. The University is responsible for verifying that the vendor is in compliance.

At this time, purchases over $100,000 require MnSCU Office of the Chancellor approval from the Chief Financial Officer. A memo must be submitted explaining the need for the purchase, the purchase amount, verification 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. Bidding and advertising procedures will follow the same steps as those for purchases greater than $25,000 as listed above.

CONTRACTING

Southwest State University has the authority to enter into contracts up to $50,000 for professional or technical services. All contracts shall be processed on forms approved by the system office to insure they include state required contract language. Any contract on a non-system approved form will require the review of the Attorney General's Office.

Contracts in excess of $50,000 must be reviewed and approved by the MnSCU Chancellor's Office prior to making any obligation. In the review process, the requesting department must provide a memorandum explaining the need for the contractor, estimated cost, and verification that funds are available for paying the contractor. The vice chancellor for budget will review the memorandum and inform the university of the appropriate process to use in making the award.

Southwest Minnesota State University has the authority to enter into all Educational Service contracts. All contracts shall be processed on forms approved by the system office.

When contracts are in excess of $100,000 and the contractor has had more than 40 full-time employees in the past year, the contractor must obtain a certificate of affirmative action plan compliance from the State of Minnesota, Department of Human Rights. The Director of Purchasing will be responsible for obtaining the Certificate of Compliance from the contractor.

In no case can a contract be processed with a law firm or lawyer, a bank or financial institution, or a contract for an audit by a public accountant without prior approval from the Attorney General's Office, the Department of Finance, or Legislative Auditor respectively.

Construction

Contracts less than $10,000 may be made either upon quotation or in the open market. If quotations are obtained by phone, they must be followed up in writing by the contractor. When at all feasible, at least two quotations shall be obtained.

If a project is estimated to exceed $10,000 but less than $25,000, competitive bids will be taken by the Director of Purchasing. Depending upon the project and circumstances, bids will be taken either by an informal or sealed bid process.

If a project is estimated to exceed $50,000, formal sealed bids shall be solicited through public notice by the Director of Purchasing. Bid bond and Performance/Payment bonds shall be required. Bid bonds for projects over $50,000 shall be five percent of the bid.

When a contract is in excess of $100,000 and the contractor has had more than 40 full-time employees in the past year, the contractor must obtain a certificate of affirmative action plan compliance from the State

of Minnesota, Department of Human Rights. The Director of Purchasing will be responsible for obtaining the Certificate of Compliance from the contractor.

Under no circumstances shall a contractor be permitted on campus for construction or repairs without first providing evidence of insurance naming the Southwest Minnesota State University as an "additional insured" with the following minimum levels of coverage:

1.	Public liability in the following amounts:	
	Bodily Injury Liability	$300,000/$1,000,000
	Property Damage Liability	$300,000/$1,000,000
	Automobile Public Liability	$1,000,000 Single Limit
2.	Workers' Compensation	$100,000 Single Limit

Code of Ethics:

State statute M.S. 15.43 states that no employee of the state in direct contact with suppliers or potential suppliers to the state, or who may directly or indirectly influence a purchasing decision or contract by establishing specifications, testing purchase products, evaluating contracted services, or otherwise has official involvement in the purchasing or contracting may:

(1) Have any financial interest or have any personal beneficial interest directly or indirectly in the contracts or purchase orders for goods or services used by, or purchased for resale or furnished to the system office, college, or university; or

(2) Accept directly or indirectly from a person, firm, or corporation to whom a contract or purchase order has been or may be, awarded, a rebate, gift, money, or anything of value other than items of nominal value. No such employee may make any promise, obligation or contract for future award.

Textbooks, software, and other course materials authored by an employee of the MnSCU may be used as required course material. Instructors may accept free samples of textbooks and related teaching materials.

Procurement from Targeted Group Businesses and Contractors:

These businesses fit the definition in state law as being small, targeted because of race, gender or disability, or economically disadvantaged. Procurement practices for purchasing, contracting, and construction projects will include provisions, whenever practical, for the procurement from small-targeted group businesses as defined in M.S. 471.345, subd.8.

Targeted businesses are certified as such and a list is available from the Department of Administration.

NOTES

All quotations obtained shall be kept on file in the Office of Business Services until audited. The record to be retained must include the names of vendors providing quotes, amounts of quotations, and each quote signed and dated.

As in the past, awards to vendors and contractors may not be split in order to avoid the bid process.