
PROCUREMENT POLICY

CATEGORY:	Procurement and Accounts Payable	POLICY #:	TBD
IMPLEMENTATION DATE:	July 1, 2015	UPDATE DATE:	October 1, 2019

PURPOSE

This policy is to ensure procurement activities comply with the mission of the Cal State Fullerton Philanthropic Foundation (CSFPF) and have philanthropic intent. This policy is in accordance with Integrated CSU Administrative Manual (ICSUAM) Section 5000 and California State University, Fullerton (CSUF) procurement policies and procedures.

SCOPE

This policy establishes procurement guidelines and responsibilities for all CSFPF account holders. Purchases under this policy are to be made with the best judgment of the approving authority, serve a clear business-related purpose, and has no personal benefit derived by the purchasing employee. Failure to follow this policy will result in incurring personal liability or financial obligation, loss of signatory rights, and/or corrective actions.

POLICY

1. Authority

- a. Only CSFPF has the authority to enter into contracts, as well as procure goods and services on behalf of the University using the procedures established by this policy and those of CSUF².

- b. CSFPF has the authority to have any contractual agreements or procurement request reviewed and approved by CSUF's Contracts & Procurement Department on matters requiring but not limited to legal interpretation, liability risk, hazardous materials, international contracts, multi-year contracts, or purchase more than \$5,000.
- c. In the interest of the University, CSFPF and CSUF's Contract & Procurement Department reserves all rights to renegotiate terms or refuse a procurement request for any reason.

2. Accountability

- a. It is the department's/division's responsibility to ensure all procurement activities are in accordance with this policy. Failure to abide by the procurement policy could result in personally obligation or corrective action.
- b. Authorized signers procuring goods and services outside the methods outlined in this policy may be held personally obligated for all or partial payments of the good or service purchased.
- c. Under no circumstances will a personal reimbursement be issued for procured goods or services that fall under this policy.
- d. Securing goods and services outside the methods outlined in this policy, or misuse of Foundation funds through the procurement process will be documented and reviewed with the department head.

3. Contracts

- a. All classifications of contracts must be submitted on a CSFPF Requisition Request form. Once approved by CSFPF or CSUF's Contracts & Procurement, a Purchase Order (PO) number will be issued, authorizing the purchase.
 - i. **Contract for Goods** - purchase of tangible items, such as equipment parts, supplies, or other merchandise. Should services accompany the purchase of goods, the dollar value associated with the purchase of the good must be greater than the dollar value of the service that will be provided to be considered a contract for goods¹.

- ii. **Information Technology Resources (ITR) Goods and Services Contracts** - purchase of equipment, material and/or services used for electronic storage, processing or transmitting of any data or information, as well as the data or information itself, and those listed in the CSUF IT Purchasing Policy, fall under this category¹.
 - iii. **Contract for Services** - work performed is primarily service oriented. This classification of contracts does not include contracts for the acquisition of ITR services, or public works project agreements¹.
 - iv. **Multi-Year Contract** – goods or services may be entered into for any period provided the terms and conditions are included in the contract¹. Multi-year contracts will be reviewed and approved by CSUF’s Contracts & Procurement Department.
 - v. Contracts facilitated by CSUF’s Contract & Procurement Department require contracts and/or quotes to be addresses to Cal State Fullerton.
- b. All categories of contracts are subject to fair and open competition practices¹ under the CSUF Contracts & Procurement policy.
- i. **Purchases of goods or services with a total value of \$25,000 to \$50,000** will require three or more information quotes in writing. Quotes must include vendor name, contact person, phone number.
 - ii. **Purchases of goods or services greater than \$50,000** will require a Request for Proposal (RFP) through CSUF Contracts & Procurement Department.
 - iii. **Sole source procurement** is permissible at this expenditure level only when CSUF Contracts & Procurement Department determines and approves that only one source exists that can provide the goods or services in accordance with the requirements of the CSU¹.
 - iv. **Strategic sourcing options and alternatives** set forth by the California State University (CSU) and CSUF are followed by CSFPF to achieve discounts, better services, and reduced administrative costs through the use of strategic purchasing programs and appropriate sourcing opportunities¹.

- v. **Target Area Contract Preference Act (TACPA)** grants preference to California-based companies through the bid set forth by CSUF are followed by CSFPF to achieve discounts, better services, and reduced administrative costs through the use of strategic purchasing programs and appropriate sourcing opportunities¹.

4. Requisition Request

- a. All request for procurement of goods or services must be submitted on a CSFPF Requisition Request form and authorized by account signer(s).
- b. Requisition requests will be processed on a first come, first served basis regardless of the contract type, dollar amount, or requirements.
- c. A requisition request must be inclusive of all costs (i.e., sales tax, shipping/handling, installation, etc.)
- d. Supporting documentation is required to process a requisition request, which may include:
 - i. Contract and/or quote initialed by the authorized signer
 - ii. CSUF Form 204 – Vendor Data Record (VDR)
 - iii. Authorized Directive 11 form
 - iv. Certificate of Insurance
 - v. IT Commodity and Service Purchase authorization
 - vi. Three or more information quotes in writing for purchases \$25,000 - \$50,000
 - vii. Other documents which justify the expenditure(s)
- e. Upon review, CSFPF will determine if the expenditure is allowable under this policy and how the requisition request is processed.
- f. When required, CSFPF will submit the requisition information and supporting documentation to CSUF Contracts & Procurement Department via the university's requisition process. If the university determines the

purchase is appropriate, it will notify CSFPF at which time the requestor will be issued a CSFPF Purchase Order (PO) number.

5. Processing Request

- a. CSFPF generally requires a minimum lead-time of 15 business days to process a requisition request. However, contracts for large amounts or requiring additional approvals from other campus units (i.e., IT, Travel, etc.) may require up to 25 business days for review and approval.
- b. A submitted requisition request that requires a security deposit with less than ten (10) business days to process may be charged a rush check fee of \$25. The rush fee will be applied to the account indicated on the Requisition Request form.
- c. CSFPF has no authority over campus' procurement processing methods and therefore, cannot rush requests through the established process on the requesters' behalf.

6. Emergency Transactions

- a. Immediate issuance of a purchase order involving public health, safety, protection of State property or programs without a formal bid invitation will require the following:
 - i. A statement regarding the nature of the emergency, which identifies the immediate threat to public health, safety, or damage to State property.
 - ii. Authorization by both CSUF Contacts & Procurement Department and CSFPF¹.

7. Purchase Orders (PO)

- a. Blanket orders may be used when the exact quantities of goods or frequencies of services are not certain. Such orders should be used to achieve economies of scale, cut expenditures, and reduce administrative handling costs.

- b. If a PO has been issued to a vendor and circumstances require a change in the amount of the order, an extension of the expiration date or a change in the period of performance, the requestor needs to submit an authorized CSFPF revised Requisition Request form. CSFPF will re-check allowability. If approved, the increased price will be added to the encumbrance.
- c. When a PO is issued, funds are encumbered for a specific purchase, ensures funds are available for payments. The Foundation authorized signer is responsible for verifying all contractual provisions before authorizing payment and confirming the receipt of product or service.
- d. Payments over ten percent (10%) of the original PO amount will require a revised requisition request.
- e. Funds will remain encumbered until payments are made in full, settlements of financial obligation are complete (i.e., travel, petty cash), or upon approval of written authorization and explanation for the cancellation.

8. Low-Value Purchases

- a. A low-value purchase is considered a transaction where little or no value can be added by processing the transaction through standard procurement procedures. To reduce the costs of executing low-value purchase transactions, the use of a Foundation card, under the Foundation Card Policy, will be permitted¹.
- b. Through the Foundation Card Policy, CSFPF will ensure strong internal controls that mitigate procurement abuses, comply with CSUF and CSU policies, ensure observance of good business practices, and provide appropriate checks and balances¹.
- c. The following controls will be observed in the administering of low-value purchases via the Foundation Card Policy:
 - i. Prohibit splitting of purchases to circumvent purchase limits
 - ii. Prohibit purchases of items determined by the campus to be inappropriate
 - iii. Prohibit the procurement of personal services, including consulting services

- iv. Define the role of the approving official to ensure that a cardholder's subordinate or peer is not designated as approving official. Approving officials shall not approve their own purchases.
 - v. Ensure duplicative payments do not occur; and
 - vi. Ensure that leveraged purchasing agreements made available through established campus or system-wide channels shall take precedence when making low-value purchase transactions¹.
- d. Monitoring activities that include the performance of periodic post-audits to ensure compliance with the Foundation Card Policy¹.
- e. Enforcement provisions that identify sanctions for improper use of the Foundation Card. Such sanctions may include required reimbursement for personal charges including any applicable transaction fees, and suspension of Foundation Card privileges when warranted¹.
- f. Payment processing provisions - The processing of low-value purchase payments must include a complete review of the transaction and analysis of the monthly credit card charges if applicable. In support of the review, the campus departments shall be required to submit complete supporting documentation in a timely manner. The review shall include:
- 1. Supervisor or management approval
 - 2. A follow-up of disputed charges from the prior months
 - 3. A review of the completeness of the documentation supporting the monthly credit card invoice
 - 4. Clearance of outstanding delinquent invoices¹.
- ii. Provision for the return of Foundation Cards - Personnel clearing procedures must specifically include a final card reconciliation and return-of-card process¹.

9. Purchase Under Campus Policies and Presidential Directives

- a. The procurement of particular goods and services may fall under guidelines and restrictions outlined in other CSFPPF, CSUF, or CSU policies, such as Asset Tagging, IT, etc., and Presidential Directives.
- b. The requestor and account approver must be familiar with campus policies to prevent procuring delays.

10. Unauthorized Purchase

- a. Procurement of goods or services made by personnel outside the authorized procurement methods (purchase requisition, foundation card, & office supply program) will be considered personally obligated until an approved justification is provided to CSFPPF².
- b. For justification of an unauthorized purchase, a CSFPPF Unauthorized Purchase Approval Request form must be submitted to CSFPPF. CSFPPF or CSUF's Contracts & Procurement Department has the authority to approve or deny the justification.

11. Prohibited Practices

- a. To ensure procurement and contracting activities are in compliance with applicable regulations, the following practices are prohibited under the established policies and directives of CSUF and CSU:
 - i. Personal use of information
 - ii. Appropriation of state property or services
 - iii. Conflict of interest
 - iv. Commercial endorsement of products or services
 - v. Misuse of the university's name
 - vi. Restrictive specifications
 - vii. Splitting orders or contracts
 - viii. Advance payments
 - ix. Prohibition of labor abuse¹

12. Protests, Disputes, and Complaints

- a. CSFPF and CSUF's Contracts & Procurement Department has the authority to resolve protests, disputes, and complaints arising from the solicitation, award, or performance of a contract¹.
- b. In instances where a legal representative of the bidder, vendor or contractor has initiated correspondence or formal action, CSFPF and CSUF shall contact the Office of General Counsel before taking action¹.
- c. All contract documents must contain provisions for the resolution of protests and disputes¹.

13. Vendor Selection

- a. Reasonable effort should be made to ensure the best price is secured.
- b. CSFPF may consider factors such as the Contractor's ability to perform the work, past performance of similar work, safety history, innovation, qualifications of key managers, possession of equipment necessary to complete the work, and overall work plan, approach, and methodology.
- c. A request for advance payment in the form of a deposit no more than 50 percent may be issued.
- d. Final payment will be issued after goods are received or services are rendered, and CSFPF has received an approved vendor invoice. Full payment of any sort will not be issued to a vendor the day goods/services have been received or rendered.
- e. The authorized signer on the issued purchase order may request a stop payment on a check issued to the vendor. The processing fees associated with the stop payment will be charged back to the account indicated on the purchase order.

14. Vendor Records

- a. A Vendor Data Record (VDR 204) form is required for individuals or entities that is not a governmental entity¹.

Policy References:

[¹Integrated CSU Administrative Manual for Contracting and Procurement](#)

[²CSUF Contracts and Procurement Policy](#)

[CSUF Financial Services Policies, Procedures, and Guidelines](#)

[CSUF IT Purchasing Policy](#)

[CSFPF Policies and Procedures](#)

[Presidential Directive 11 Guidelines](#)