

SECTION 8.0 - PURCHASING AND PROCUREMENT

8.0 Introduction

This chapter outlines the College's purchasing policies, systems and key procedures and describes guidelines for the purchasing and receiving of goods and services.

It is the policy of the College to utilize a centralized procurement function. Centralized procurement allows for optimization of the College's resources. When purchases are made centrally, there is a reduced duplication of effort, the ability to pool purchases for volume discounts, purchase from cooperative agreements and an opportunity to enhance relationships with vendors and suppliers.

Responsibility of the Purchasing Department

Purchasing and Procurement is responsible for centrally coordinating college purchases of \$10,000 or more. Additionally, it is the responsibility of the Purchasing Department to ensure:

1. Compliance with policies and procedures as set forth herein;
2. That all contracts, leases and purchase orders secured for \$50,000 or more or that extend over one year have the required Board approval;
3. That purchase orders are only issued when the required approval is confirmed;
4. The Chief Financial Officer and the General Counsel are notified when the requisite authority is absent.

8.1 Purchasing Authority and Bidding Process

It is the policy of the College that purchases and purchase commitments of certain amounts be authorized by designated employees within the College. For purposes of this Manual, the terms contracts and agreements are used interchangeably.

This section outlines the levels by which purchases and purchase commitments must be authorized.

The basic authority to make purchase commitments rests with the Board of Directors, who have in turn delegated much of this authority to the Chancellor and Dean of the College or his/her designee(s).

The guidelines outlined below apply to all departments of the College including the 1066 Foundation. The guidelines do not apply to student organizations, the Bookstore for inventory purchases made for resale and the Library for purchases made for the library collection.

8.1.1 Purchases Up to \$9,999.99

For purchases of goods and services involving expenditures less than \$10,000 the department head / budget manager has authority for making purchases within prescribed College guidelines and within currently allocated budget resources for his/her department.

8.1.2 Purchases of \$10,000 to \$49,999.99

For purchases of goods and non-professional services involving expenditure of \$10,000 to \$49,999.99, an informal competitive process is required.

The Purchasing Office will secure competitive quotations in writing from interested vendors. The list of interested vendors will be developed from current and past vendors of the College and from suggestions of the initiating department. A specification sheet of services and goods required will be sent to the interested vendors.

Included in all informal competitive processes are the following items:

- Description of Goods or Scope of Work for Services to be Provided
- Terms for Submitting Bid Documents
- Sample Agreement Form, if applicable
- Drug Free Workplace Certification Form

8.1.3 Purchases of \$50,000 or More and/or with Contract Terms that Extend More Than One Year

a. Approval of the Board of Directors

For leases and contracts that extend over one year or that are over \$50,000 prior approval by the Board of Directors must be secured.

In the event that prior approval by the full Board of Directors for leases and contracts over \$50,000 is impractical or unfeasible, the Chancellor and Dean may approve said leases or contracts after consultation with and approval by the Chair of the Board and the Chair of the Finance Committee and subject to notification of the full Board of Directors.

b. Formal Competitive Bid

For purchases of goods and non-professional services involving expenditures of \$100,000 or more, the College must conduct a formal bid process. This bid process includes public notification of the bid via the UC Hastings website or other third-party web site (e.g., Bidsync) or other electronic means commonly used by the higher education industry, UC or other public agencies. Additionally, the bid process includes:

- Detailing bidders' qualification and evaluation standards to potential bidders;
- Outlining specific requirements of product or service to potential bidders; and
- Outlining dissemination of award information.

The Purchasing Office is responsible for handling and processing all bid proposals and related documents and is the point of contact for the bidders. The initiating department is encouraged to submit potential vendors to the Purchasing Office for inclusion in the bid process.

The following items shall typically be included in all bid proposals:

- Description of Goods or Scope of Work for Services to be Provided
- Terms for Submitting Bid Documents
- Sample Agreement Form, if applicable
- Drug Free Workplace Certification Form

A contract shall typically be awarded to the lowest responsible bidder meeting the specifications. Any exceptions to awarding to the lowest bidder shall be approved by the Board of Directors. A written explanation of the exception will be included in the permanent files of the Purchasing Office.

8.1.4 Exceptions to the Competitive Quotation and Formal Bid Process

Exceptions to the competitive quotation and formal bid process are outlined below. Such purchases require the appropriate levels of required approval (i.e. approval by the Board of Directors for leases and contracts of \$50,000 or more or for more than a one year term).

- a. Professional Services – Professional services do not require a competitive quotation or bid but may be competed at the discretion of the Chief Financial Officer. Examples of professional services include legal services, audit services, project management services, technical consulting, financial advising and engineering and architectural services.
- b. Cooperative Purchasing (“Piggyback”) Provision – As an instrumentality of the State of California and an affiliate of the University of California, Hastings may make purchases using cooperative purchasing agreements that have been put into place through a publically bid process. The competitive process undertaken by these agencies meets Hastings requirement for competition.
- c. Sole Source – Sole source, single source or matching existing brands may also be exempt from the competitive requirements as provided for in relevant sections of the California Public Contract Code. Purchases and procurements made in this category must be made by the department head / budget manager with a written justification approved by the Director of Business Services, the Chief Financial Officer and the respective Division Head.

8.1.5 Standard Agreement

Exhibit X, a standard Agreement form has been adopted by the College. All Agreements are approved as to legal form by the General Counsel and signed by the Chief Financial Officer as designated by the Chancellor and Dean¹.

8.2 Authorizing Funds for Expenditures

It is the policy of the College that funds shall be appropriately authorized before encumbering or expending.

The College will disburse funds for expenditures incurred in the best interest of the College. The department head / budget manager is responsible for ensuring that disbursement requests are within College policies. The Chief Financial Officer has final authority to approve or disapprove an expenditure, based upon the policies adopted by the Board of Directors.

Most purchases over \$2,499.99 require a purchase order. Refer to [Exhibit G, Purchasing Policies](#), for guidelines regarding the authorization required to incur an expenditure.

8.3 Purchase Requests and Purchase Order System

It is the policy of the College to utilize a purchasing system to issue and create purchase orders in order to encumber funds which reflect the commitment of the College's financial resources.

The College uses a purchase order system which provides financial information to department heads / budget managers by providing a mechanism to encumber or "set aside" budgeted funds at the time the Purchasing Department places the order with the vendor. This method of encumbering funds allows the department head / budget manager to be aware of the outstanding budget commitments at all times and therefore reducing the likelihood of over committing the authorized budget funds.

This section outlines the procedure for requesting and issuing purchase orders.

8.3.1 Requesting Purchase Orders

a. Regular Purchase Orders

Before any goods and/or services costing \$2,500 or more are rendered the department / budget manager must submit a purchase request (Exhibit H) to the Purchasing Department. (Refer to [Exhibit G, Purchasing Policies](#) for guidelines on purchases which require a purchase order). The request must include the vendor's name and address, if known, the item(s) and quantity requested, the estimated cost of the item(s), and the account number(s) to be charged. The request must also be signed by the department head / budget manager.

Upon receipt of the request, Purchasing verifies that the department has sufficient budget, and for non-state funds, sufficient cash, to purchase the item(s) and that the purchase falls within prescribed College and State guidelines.

Once verified, the request will be processed and the purchase order (Exhibit I) generated. In addition to the vendor information, description and cost of the items to be purchased, the purchase order also contains instructions to the vendor regarding shipping and billing and the cost center(s) to which the purchase is being charged.

b. Blanket Purchase Orders

When a department purchases many items or services over the year from the same vendor, the department may establish a "blanket purchase order" with this vendor. This blanket purchase order estimates the total of all purchases to be made for the year. Then as the purchases are made and the invoices received, the department head can approve the invoice as payment against the blanket purchase order.

This procedure alleviates the need to establish a purchase order every time an order is placed with the vendor.

Blanket Purchase Orders are subject to all of the purchasing requirements and authorities outlined in this Section including the competitive processes required for the estimated expenditure amount.

Blanket purchase orders should also be issued when a contract or an agreement for services has been executed by the College. A blanket purchase order will assist the department head / budget manager and the Purchasing staff to manage the terms of the contract/agreement.

8.3.2 Issuing and Amending Purchase Orders

Only Purchasing is authorized to establish, cancel or change a purchase order.

a. Issuing Purchase Orders

Purchase orders under \$2,500 can be signed by the Director of Business Services. All other purchase orders must be signed by the Chief Financial Officer or his/her designee. Once the signed purchase order is issued an order for goods and/or services can be placed.

Upon request, Purchasing will mail a copy of the purchase order to the vendor to verify placement of the order.

b. Amending Purchase Orders

A department head / budget manager can request to change or cancel a purchase order via a written request to the Purchasing Department.

8.4 Receiving

It is the policy of the College to operate a centralized receiving function. Centralized receiving ensures that vendors comply with the terms and conditions of the purchase and ensures the proper receipt of College assets.

The Purchasing Department is responsible for periodically reviewing the open purchase order board. In addition to confirming orders are still valid and allows for follow up on partial shipments, and allows for the confirmation of valid encumbrances to readily determine excess budget surplus or deficits.

This section outlines the general procedures for receiving goods and services.

8.4.1 Receiving Goods:

The Purchasing Department will keep their copy of the purchase order, as well as the Fiscal Services copy on the open board until they are notified that all items have been received in full and in proper form. When the goods are received, Purchasing staff will notify the requesting department and ask them to sign for the goods. The Purchasing staff will attach the packing slip/receiving documents to Fiscal's copy of the purchase order and forward to Fiscal Services.

If applicable, the Purchasing staff is also responsible for denoting the receipt of the order in the purchasing software module. Purchasing's copy of the purchase order is filed numerically in the completed purchase order file.

8.4.2 Partial Shipments:

If a partial shipment, the Purchasing staff will ask the requesting department to sign for each partial shipment. A copy of the packing slip/receiving document and a photocopy of the purchase order will be sent to Fiscal Services as authorization to make a partial payment against an outstanding purchase order. Fiscal Services' copy of the purchase order will remain in Purchasing until the order has been completed.

8.4.3 Damaged or wrong goods:

If the goods or services are not received in proper form, the department head / budget manager/department head is responsible for notifying the Purchasing department immediately. This notification ensures that the problem will be solved and that the invoice for the good or service will not be paid by the Fiscal Services Office.

8.4.4 Completion of Services:

The department head is responsible for notifying the Purchasing Department when a service has been properly rendered.

8.4.5 Invoicing:

Invoices for goods and services are to be sent directly to the Fiscal Services Office. The ordering party should instruct the vendor to reference the purchase order number on the invoice to facilitate the processing of payment.

When the original invoices are received, the Fiscal Services Office will match the invoice to the outstanding purchase order and the packing slip/receiving documents. The Accounts Payable staff will check the mathematics of the invoice and verify that the receiving documents are properly signed. The Accounts Payable department is also responsible for insuring the correct sales tax due on the invoice, and verifying that the appropriate freight charge appears on the invoice.

Once all the verifications have been completed, the Accounts Payable staff is authorized to make payment, to charge the account(s) and object code(s) listed on the purchase order, and to take all discounts available. No further approval is necessary from the department head / budget managers. The computerized purchase order/accounts payable system is then updated for the payments processed.

Once a payment has been made to the vendor, the department head / budget manager should find that the outstanding encumbrance to the vendor is lessened by the amount of the payment. The payment will appear as a current month expenditure on the monthly budget report.

8.5 Delegation of Signature Authority for Purchasing and Procurement

8.5.1 Purchase Requests

The department head / budget manager must authorize and sign all purchase requests. This responsibility cannot be delegated to an employee with a lower level of responsibility. If the department head / budget manager is unable his/her supervisor must sign the request.

8.5.2 Office Supply and Other Low Value Signature Authority

Authority for purchasing routine and low value items for office supplies, warehouse supplies, copying in the Business Center, mail and overnight or express mail services may be delegated by the department head / budget manager upon written notification to the Director of Business Service.

ⁱ Pursuant to [Board of Directors Standing Orders as amended June 10, 2005](#), Section 100.4, Duties of Chancellor and Dean of the College, Administration Duties, specifically section (i), Contract Authority.