

## CORPORATE POLICY

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Subject: Purchasing and Capitalization

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### **A. Policy**

This policy applies to purchase of goods and services paid from Enterprises (“CPPE”) administered funding sources. All project purchases must be in compliance with CPPE’s purchasing policy. The Foundation has implemented purchasing procedures which meet project purchasing needs and which satisfy the requirements of federal, state and independent auditors. Travel and the retention of artists, entertainers, lecturers, catering and speakers for services are not subject to the provisions of this policy.

### **B. Policy, Regulations and Guidelines**

All purchase orders must be approved by CPPE prior to order commitment, accordingly; a Purchase Order Request Form must be submitted to the Foundation prior to making purchases within the guidelines of this policy and procedure.

#### **1. Policy Provisions**

- a. Purchases shall be made in a manner that supports and facilitates the competitive bidding process and at the best value consistent with quality, specifications, cost, service and product availability.
- b. Purchases shall follow what is customary in the marketplace for a particular commodity or product and be consummated in such a manner so as to constitute a reasonably prudent documented business transaction.

- c. Fitness and quality being equal, recycled products shall be considered for procurement in place of non-recycled products whenever such products are available at no more than the total cost of their non-recycled counterparts.
  - d. Grant and Contract account purchases must also comply with the requirements set forth in the agency agreement and/or Uniform Guidance compliance requirements 2 CFR 200.
  - e. Volume or pool purchases, annual purchase agreements and State-purchasing contracts shall be utilized when deemed to be advantageous to the CPPE.
  - f. Purchases may not be split to circumvent this policy. (a split purchase is defined as one item, or items sold as a set, that has been invoiced separately to look like two separate purchases).
  - g. Purchases from CPPE employees, CSU staff or faculty of items for resale shall be certified as to their competitive value by the appropriate department head and be approved by the appropriate dean or CPPE management. The purchase of "services" from faculty or staff shall be conducted in a manner that constitutes "an arm's length transaction."
  - h. Sole source purchases on a non-competitive basis will require written justification and approval. The sole source written justification should include:
    - i. Unique performance factors of the products specified.
    - ii. Why these factors are required
    - iii. What other products have been evaluated and rejected, and why.
    - iv. Special circumstances requiring immediate action.
  - i. No CPPE Board member, employee, or CSU employee by virtue of their position, will personally derive any benefit, gain or receive preferential treatment from the purchase of materials, equipment, supplies or services. Authorized signers failing to follow the CPPE's purchasing policy and procedures may incur personal liability or financial obligation with the vendor.
  - j. Standing purchase orders may be used for routine, repetitive purchases from the same vendor. Standing purchase orders may not be used to purchase equipment or to circumvent this policy statement.
2. Regulations & guidelines for purchase of goods and services :
- a. Purchases under \$10,000: CPPE does not require a Purchase Order. If a vendor requires a purchase order, the CPPE will prepare a purchase order based on the purchase order request and price quotation obtained in writing from the vendor.
  - b. Purchases in excess of \$10,000 and less than \$50,000 : Authorized signer is required to submit a purchase order and a price quotation must be attached from the vendor.
  - c. Purchases at or over \$50,000 and less than \$100,000 for goods or services: Authorized signer is required to submit a purchase order request and conduct an informal solicitation process. The informal solicitation must be based on a written project scope documenting the response requirements. Responses based on the project scope must be obtained from at least three vendors. If less than three responses are received, CPPE must document that sufficient outreach and diligence was undertaken before waiving the requirement for three responses. If three applicable sources for the good or service do not exist, a sole source justification form must be submitted and approved.
  - d. Purchases of over \$100,000 for goods or services : Authorized signer is required to

submit a request for a purchase order and attach a minimum of three bids from a formal solicitation process. Bids should be based on written specifications, which recognize competitive pricing, responsiveness to specifications and reputation of vendors. If three applicable sources for the good or service do not exist, a sole source justification form must be submitted and approved.

- e. Volume purchase and annual purchase agreements that will result in an advantage to CPPE will be utilized whenever possible. CPPE will utilize State Purchasing contracts whenever possible to CPPE's advantage.

### **C. Insurance Requirements**

For insurance coverage, limits and endorsements, refer to CPPE's Risk Management Policy and Procedure. (Policy No. 190)

### **D. Exceptions to Bidding Requirements and Purchase Orders**

Purchases of items as listed below will require authorization per the approvals listed in Policy #122, and will adhere to the limits started in the division/unit purchase order policies.

- a. Food stuffs and seasonal commodities. The purchase of food stuffs and seasonal commodities shall be made upon the basis of quotations from several reliable and convenient sources of supply. Awards shall be made on terms most advantageous to CPPE based on quality, price, service, and delivery.
- b. Purchases made through a Master Enabling Agreement (MEA) or similar agreement available through the CSU, CPP, or other related organizations. Bookstore supplies and textbooks. The purchase of textbooks, certain technical material and resale merchandise shall be made upon the basis of several reliable and convenient sources of supply. Awards shall be on terms most advantageous to CPPE based on quality, price, reliability, and delivery.
- c. Agricultural feed, supplies, livestock. Purchases shall be made on the basis of quotations from several reliable sources and awards made on the basis of price, quality, reliability, and delivery.
- d. Grant/Contract purchases governed by the terms and conditions of the executed agreement and/or Uniform Guidance compliance requirements 2 CFR 200.
- e. Retention of service contractors on an hourly time and material basis. Authorized signer's approval must be obtained prior to retention of service contractors.

### **E. Capital Purchases from Board Approved Budgets**

- a. All purchases from CPPE Board approved budgets must be approved by the authorized signer having approval authority for the accounts charged. Quotation and bid requirements as outlined above should be followed. Purchases, with the exception of those items listed under Section D, having a value equal to or greater than \$15,000 require the additional approval of CPPE's Chief Financial Officer (CFO) or designee.

**F. Capital Purchases Not from Board Approved Budgets**

This applies to CPPE's unrestricted funds including Fund 1 (General Fund), Fund 3 (Designated Fund), Fund 4 (Commercial Enterprise Fund), Fund 5 (Agriculture Fund) and Fund 10 (College of Professional and Global Education Program Fund). Capital purchases not approved by the CPPE's Board must be indicated as such on the purchase order request.

All purchases not previously approved by CPPE Board are subject to the availability of funding within the applicable account and the following approvals:

Purchases \$ 40,000 or less - The authorized signers have approval authority for the charged account and CPPE's Chief Financial Officer (CFO) or designee must approve. The CFO is limited to an accumulated total of \$40,000 per quarter for approval authority on capital purchases not from the Board approved budget.

Purchases over \$40,000 - Require the approval of the administrator having authority for the charged account, CPPE's Chief Financial Officer or designee and the Chief Executive Officer (CEO) of CPPE or designee.

The CEO is authorized to expend beyond the budget an accumulative total of \$70,000 per quarter. If the purchase exceeds \$70,000, the CEO and CFO will request the purchase be approved by the Board.

Quotation and bid requirements as outlined above should be followed for all purchases.

**G. Purchases from Sponsored Programs, Grants or Contracts**

- a. Purchases made from Grants or Contracts funds may be made only during the term of the grant or contract or during an approved extension or renewal. The authorized signer should anticipate purchase requirements far enough in advance so that the purchasing process can be completed, the service rendered, and goods received prior to expiration of the award.

**H. Capitalization**

Capital purchases with a cost greater than \$10,000 and a normal useful life of more than one year will be capitalized and depreciated over the economic life of the asset for all non-grant funded accounts. For grant-funded purchases, the capitalization threshold will follow the CSU Policy on Sponsored Programs Administration and must align with the capitalization requirements established by the sponsoring agency. A capital purchase is defined as a tangible piece of property with an acquisition cost greater than \$10,000 for non-grant funded assets, or the threshold specified by the sponsored program's guidelines for grant-funded assets, , and a useful life of one year or greater.