



Chapter 5 - Administration

System Procedure 5.14.5 Purchasingfor Board Policy 5.14**1 Part 1. Purpose**

2 To provide a framework for making purchases within the Minnesota State Colleges and
3 Universities system. This procedure outlines the authority, processes, and requirements for
4 purchasing, ensuring compliance with state laws and fiscal responsibility, and includes
5 guidelines on purchase preparation, solicitation of bids, and purchasing from targeted group
6 businesses to promote ethical and efficient procurement practices.

8 Part 2. Authority

9 Board Policy 5.14 Procurement and Contracts delegates to the chancellor authority to develop
10 procedures for making purchases (Minn. Stat. § 471.345 Uniform Municipal Contracting Law or
11 other authority granted in Minn. Stat. § 16A, 16B, and 16C).

13 Part 3. Purchasing Authority

14 Colleges, universities, and the system office have authority to make purchases up to \$100,000
15 without the approval of the vice chancellor for finance and facilities (VC-CFO). Each college and
16 university, in consultation with the system office, shall develop procedures for making
17 purchases.

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19 Purchasing contracts of any value with a term in excess of five years require approval by the VC-
20 CFO.

22 Part 4. Definition**24 Purchasing Contract**

25 Any agreement such as a purchase order, statement of work or a work order entered into
26 by a college, university or the system office for the sale or purchase of supplies, materials,
27 equipment, or the rental thereof. Throughout this document, purchasing contracts will be
28 referred to by the terms purchasing and purchases.

30 Part 5. Purchasing Preparation

31 Purchases must be prepared on forms approved by the system office to ensure that they
32 include all state-required contract language. Any modification of forms approved by the system

33 office, or the use of a non-system office form requires the review by system legal counsel and
34 approval of the VC-CFO. System legal counsel includes either the Minnesota State General
35 Counsel's Office or the Minnesota Attorney General's Office.

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38 **Part 6. Purchasing Requirements**

39 Minnesota State is required to follow the purchasing requirements as defined in Minn. Stat. §
40 471.345 Uniform Municipal Contracting Law or other authority granted in Minn. Stat. § 16A,
41 16B, and 16C and referred to in the following subparts. All contract values in this part 6 refer to
42 Total Contract Value (TCV).

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44 **Subpart A. Purchases of \$50,000 or less**

45 If the amount of the purchase is estimated to be \$50,000 or less, the purchase may be
46 made either upon quotation or in the open market, at the discretion of the college,
47 university, or system office. If the purchase is made upon quotation, it must be based,
48 so far as practicable, on at least two (2) quotations which must be kept on file for a
49 period of at least one year after receipt or as according to an applicable record retention
50 schedule approved by the State Records Disposition Panel. Quotations may be obtained by
51 telephone or in written form via facsimile (FAX), delivery service, or Internet. Quotations
52 must have a specified date and time for submission. Each institution shall determine a
53 level at which written quotes will be required. The record to be retained must include
54 the names of vendors providing quotes, amounts of quotations, and each successful
55 quote signed and dated.

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57 **Subpart B. Purchases over \$50,000 and less than \$100,000**

58 If the amount of the purchase is estimated to exceed \$50,000 but not to exceed
59 \$100,000, the purchase may be made either upon sealed bids or by direct negotiation
60 by obtaining two (2) or more quotations for the purchase or sale when possible, and
61 without advertising for bids or otherwise complying with the requirements of
62 competitive bidding. Quotations must be kept on file for a period of at least one year
63 after receipt or as according to an applicable record retention schedule approved by the State
64 Records Disposition Panel. Quotations may be obtained by telephone or in written form via
65 facsimile (FAX), delivery service, U.S. mail or Internet. Quotations must have a specified
66 date and time for submission. If quotations are obtained by telephone, they must be
67 followed up with a signed quote. The record to be retained must include the names of
68 vendors providing quotes, amounts of quotations, and each successful quote signed and
69 dated.

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71 **Subpart C. Purchases over \$100,000**

72 If the amount of the purchase is estimated to exceed \$100,000, sealed bids must be
73 solicited by public notice as provided in Part 7. Bids and documents pertaining to the
74 award of the purchase must be retained and made a part of the permanent file or as
75 according to an applicable record retention schedule approved by the State Records Disposition

76 Panel. The record to be retained must include the names of vendors providing bids,
77 amounts of bids, and each successful bid signed and dated.

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79 Bid solicitation is not required for purchases from Minnesota Department of
80 Administration master contracts, MN.IT Services master contracts, Minnesota State
81 master contracts, or through cooperative purchasing agreements listed on the system's
82 official web site and authorized for use by the colleges and universities.
83 Purchases over \$100,000 require written system office approval from the VC-CFO.
84 Colleges, universities, and the system office shall submit a request for VC approval
85 explaining the need for the purchase, the purchase amount, must verify that funds are
86 available for paying for the purchase, and must describe what process will be used in
87 making the award. The VC-CFO will review the request and respond in writing.

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89 **Subpart D. System Office purchases \$1,000,000 or greater and less than \$3,000,000**

90 The chancellor or chancellor's designee shall consult with the Board of Trustees' chair
91 and the chair of finance and facilities committee on all system office contracts with a
92 TCV of \$1,000,000 and less than \$3,000,000.

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Subpart E. Single Source

- 96 • Single Source designation is applied to an acquisition where, after a search, only
97 one supplier is determined to be reasonably available for the required product,
98 service, or construction item. Minn. Stat. § 16C.02, subd. 18. For proposed
99 single-source purchases less than \$100,000, the request form for a single-source
100 exception must be completed and approved by the institution's chief financial
101 officer. For proposed single-source contracts \$100,000 or greater, the request
102 form for a single-source exception must be completed and approved by the VC-
103 CFO prior to purchase approval.

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Subpart F. Minnesota Department of Human Rights

106 Bids or proposals for purchases exceeding \$100,000 must not be accepted or awarded
107 to any consultant, contractor, vendor, or supplier who has not obtained the required
108 certificate or received an exemption.

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1. Businesses with more than 40 employees within Minnesota

110 Consistent with Minn. Stat. § 363A.36, vendors who intend to bid on any
111 purchases or contracts exceeding \$100,000 and who have had on any single
112 working day in the previous twelve (12) months more than forty (40) full-time
113 employees within Minnesota must apply for a Workforce Certificate from the
114 Minnesota Department of Human Rights. Bids or proposals on purchases or
115 contracts exceeding \$100,000 from vendors who have not applied for this
116 certificate must not be accepted. An award exceeding \$100,000 must not be
117 made to vendors who have not obtained this certificate or received an exemption.

2. Businesses with more than 40 employees outside Minnesota

Consistent with Minn. Stat. § 363A.36, vendors who do not have more than forty (40) full-time employees in Minnesota, but who have had on any single working day in the previous twelve (12) months more than forty (40) full-time employees in the state in which their principal place of business is located, must have a Workforce Certificate or must certify that the business is in compliance with federal affirmative action requirements in order to receive a contract award exceeding \$100,000.

3. Equal Pay

Pursuant to Minn. Stat. § 363A.44 Subd. 8, if the amount of the contract is valued in excess of \$500,000 and the contractor has 40 or more full-time employees in Minnesota or a state where the business has its primary place of business on any single working day during the prior twelve (12) months, the contractor must obtain an Equal Pay Certificate from the Minnesota Department of Human Rights (MDHR) or claim an exemption on the Declaration Page prior to contract execution.

Subpart G. Exceptions to vice chancellor approval

Written approval from the VC-CFO is not required for the following types of purchases where the Total Contract Value of the purchase is less than or equal to \$1,000,000.

1. Utility services provided annually where no competition exists or where rates are fixed by law or ordinance.
2. Merchandise purchased for resale.

VC-CFO approval is not required for blanket encumbrances established for purchasing card programs; however, individual purchases made using purchasing cards are subject to the purchasing requirements within part 5 of this procedure.

Part 7. Encumbrance

Funds must be encumbered prior to making an obligation through an authorized employee certifying that the accounting system shows sufficient allotment or encumbrance balance in the fund, allotment, or appropriation to meet it. An expenditure or obligation authorized or incurred prior to encumbering funds is in violation of state law and ineligible for payment until made valid and is in violation of Minn. Stat. § 16A.15, Subd. 3. An employee authorizing or making the payment, or taking part in it, may be liable to the state for the amount paid. A knowing violation of Minn. Stat. § 16A.15, Subd. 3, is just cause for the employee's removal. The state cannot agree to indemnify third parties or hold them harmless (Minn. Stat. § 16A.138; Minn. Const. Art. XI, Sec. 1). See Procedure 7.3.3 Credit Cards for requirements of credit card purchasing.

Part 8. Prepayment

Minn. Stat. § 16A.41, Subd. 1, prohibits Minnesota State from paying in advance, except set forth in Minn. Stat. § 16A.065.

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162 Part 9. Solicitation of Bids

163 For purchases anticipated to exceed \$100,000 in TCV, sealed bids must be solicited by public
 164 notice through publishing a minimum two (2) week notice on a State of Minnesota website or
 165 in one or more official newspaper(s). The official newspaper may be the State Register. In
 166 addition to the public notice, sealed bids may be solicited by directly notifying prospective
 167 bidders not less than seven (7) days before the final date of submitting bids. This notice must
 168 state the time and place of receiving bids and contain a brief description of the subject matter.
 169 A bid containing an alteration or erasure must be rejected unless the alteration or erasure is
 170 crossed out and the correction printed in ink or typewritten adjacent to it and initialed in ink by
 171 the person signing the bid. If bids are not submitted electronically, the bids must be sealed and,
 172 when they are read, must be opened in public at the hour stated in the notice.

173 All sealed bids and quotations obtained must be kept on file until audited, but not less than one
 174 year or as according to an applicable record retention schedule approved by the State Records
 175 Disposition Panel.

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177 Part 10. Purchases from Targeted Group Businesses (TGBs)

178 Purchasing practices will include provisions for procurement from TGBs as set forth in Board
 179 Procedure 5.14.6 and related Policy 5.14

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181 Part 11. Code of Ethics

182 All system employees engaged in contracting and purchasing are subject to Minnesota law
 183 applicable to state employees, including Minn. Stat. §§ 15.43, 43A.38, 43A.39, and System
 184 Procedure 1C.01.

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186 Part 12. Accountability

187 The chancellor for the system office and the president of each college and university must
 188 designate an employee who will have overall responsibility for complying with state and federal
 189 laws, board policy, and across the colleges and university procedures for all purchases.

Related Documents:

[Policy 5.14](#) Contracts, Procurements, and Supplier Diversity

[Procedure 5.14.5](#) Purchasing

[Procedure 5.14.6](#) Supplier Diversity

Procedure History

Date of Adoption: 07/01/96

Date of Implementation: 07/01/96

Date of Last Review: 05/17/16

Date and Subject of Amendments:

Xx/xx/2024 – Add Summary

05/17/16 - Amended to comply with policy 5.14. Amended Part 4, subpart C to require single source exception form be used for purchases over \$50,000. Added Part 4, subpart D3, exceptions to vice chancellor approval. Amended Part 6 to allow prepayments for services and fees in accordance with Minn. Stat. § 16A.065. Deleted Part 8 Rental of Equipment under \$60,000 and Part 9 Computer Equipment. Made formatting changes for consistency between other policies and procedures.