



MINNESOTA STATE
Board of Trustees

AGENDA ITEM SUMMARY

NAME: Finance and Facilities Committee

DATE: January 23, 2024

TITLE: Proposed Amendment to Board Policy 5.14 Contracts, Procurements, and Supplier Diversity (First Reading)

Action

Review and Discussion

This item is required by policy

PRESENTERS

Bill Maki, Vice Chancellor for Finance and Facilities

Tim Anderson, System Director for Procurement and Contract Management

PURPOSE

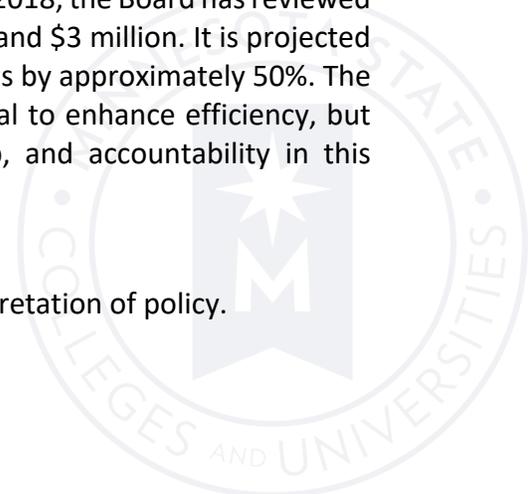
Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration, Part 6. Board Policies and System Procedures requires board review and approval of proposed board policy changes and that each board policy is reviewed at least once every five years. Proposed changes include increasing the threshold from \$1 million to \$3 million for Board of Trustees approval for contracts, agreements, and purchases.

BACKGROUND INFORMATION

During the May 2023 Finance and Facilities committee meeting, an overview of the system's procurement history, strategy, and opportunities to support the system's procurement and contract management efforts was provided. One of the items discussed during this meeting was to increase the contract authorization level from \$1 million to \$3 million. One of the goals of the proposed increase was to reduce the volume of contracts requiring the Board's review, focusing instead on higher-value contracts. To illustrate, since the fiscal year 2018, the Board has reviewed 160 contract requests, with 79 of these valued between \$1 million and \$3 million. It is projected that this increase in authorization level would reduce these requests by approximately 50%. The Board showed interest in this proposal, acknowledging its potential to enhance efficiency, but still wanting to ensure there is transparency, fiscal stewardship, and accountability in this process.

Additional proposed changes to Board Policy 5.14 include:

- Updates to definitions to improve understanding and interpretation of policy.
- General policy modifications for clarity.



Accompanying the proposed amendment to policy 5.14 are revisions to procedures 5.14.2 (contracts) and 5.14.5 (purchasing). The procedures are included to illustrate how the revisions in policy would be implemented. Changes include:

- Mandate consultation with the Board for all system office contracts valued between \$1M and \$3M, without requiring formal approval, to ensure transparency in high-value contracts and procurement processes. Note, the existing review obligations of the Vice Chancellor of Finance and Facilities for contracts exceeding \$100K remain unchanged.
- Introduction of additional definitions to enhance understanding and interpretation of procedures.
- A rewrite of the guidelines for single-source contracts to provide clearer guidance on the acceptable use of single-source exceptions.
- An update to Minnesota Department of Human Rights to align with current statute § 363A.44 Subd. 8.
- Changes to contracts for audits with a public accountant to align with Board Policy 1A.2.
- Adjustments to the contract value thresholds for sourcing events, such as Requests for Proposal (RFP) and Requests for Bid (RFB), including:
 - Purchases of \$100,000 or greater require a sourcing event.
 - Purchases between \$50,000 and \$100,000 will now require two quotations,
 - Purchases below \$50,000 require one quotation.
- All contracts must be stored in an approved e-procurement system.

The recommendations for changes to policy 5.14, procedure 5.14.2, and procedure 5.14.5 were prepared in consultation with the Procurement Advisory Group—a collective of approximately 25 contract and procurement professionals from various Minnesota State colleges, universities, and the system office. Additionally, the Office of General Counsel was consulted about the updates. After these consultations, the policy and procedures were submitted for a 30-day formal review and comment period. The policy received minimal comments during this period.

RECOMMENDED ACTION (FIRST READING DRAFT)

The Finance and Facilities Committee recommends that the Board of Trustees approve the proposed amendment to Board Policy 5.14 Contracts, Procurements, and Supplier Diversity.

Date Presented to the Finance and Facilities Committee: 1/23/2024

Date Presented to the Board of Trustees: First reading – no action taken.

Date of Implementation: TBD