



Chapter 5 - Administration

System Procedures 5.14.5 Purchasing **for Board Policy 5.14**

Part 1. Purpose

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

Part 12. Authority

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

Part 23. Purchasing Authority

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

~~Purchases over \$100,000, other than the exceptions noted in Part 4, subpart D, must be reviewed and approved by the vice chancellor chief financial officer. Colleges and universities shall submit a memorandum explaining the need for the purchase, the proposed process to be used in selecting a vendor, and estimated cost, and shall verify that funds are available for paying the vendor. The vice chancellor chief financial officer will review the memorandum and respond in writing to the college or university.~~

~~Purchasing contracts requiring vice chancellor chief financial officer approval include consecutive single-year contracts with the same vendor and contracts with amendments which, when added together, exceed \$100,000.~~

Purchasing contracts of any value with a term in excess of five years require approval by the ~~vice chancellor chief financial officer~~VC-CFO.

Part 4. Definition

Purchasing Contract

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

Part 35. Purchasing ~~Preparation~~Contract Definition

Purchases must be prepared on forms approved by the system office to ~~assure~~ensure that they include all state-required contract language. Any modification of forms approved by the system office, or the use of a non-system office form requires the review by system legal counsel and approval of the ~~vice chancellor chief financial officer~~VC-CFO. System legal counsel includes either the Minnesota State ~~Colleges and Universities~~ General Counsel's Office or the Minnesota Attorney General's Office.

~~A purchasing contract means any agreement such as a purchase order or a field order entered into by the system office, college, or university for the sale or purchase of supplies, materials, equipment, or the rental thereof. Throughout this document, purchasing contracts will be referred to by the terms purchasing and purchases.~~

Part 46. Purchasing Requirements

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

Subpart A. Purchases of \$2550,000 or less

If the amount of the purchase is estimated to be \$2550,000 or less, the purchase may be made either upon quotation or in the open market, at the discretion of the college, university, or system office, ~~college, or university~~. If the purchase is made upon quotation, it ~~shall~~must be based, so far as practicable, on at least two (2) quotations which must be kept on file for a period of at least one year after receipt or as according to an applicable record retention schedule approved by the State Records Disposition Panel.

Quotations may be obtained by telephone or in written form via facsimile (FAX), delivery service, or Internet. Quotations must have a specified date and time for submission. Each institution shall determine a level at which written quotes will be required. ~~All quotations obtained must be kept on file until audited, but not less than one year.~~ The record to be retained must include the names of vendors providing quotes, amounts of quotations, and each successful quote signed and dated.

Subpart B. Purchases over \$2550,000 ~~to and less than~~ \$50100,000

If the amount of the purchase is estimated to exceed \$2550,000 but not to exceed \$50100,000, the purchase may be made either upon sealed bids or by direct negotiation by obtaining two (2) or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. Quotations must be kept on file for a period of at least one year

76 after receipt or as according to an applicable record retention schedule approved by the State
77 Records Disposition Panel. Quotations may be obtained by telephone or in written form via
78 facsimile (FAX), delivery service, U.S. mail or Internet. Quotations must have a specified
79 date and time for submission. If quotations are obtained by telephone, they must be
80 followed up with a signed quote. ~~All quotations obtained must be kept on file until~~
81 ~~audited, but not less than one year.~~The record to be retained must include the names
82 of vendors providing quotes, amounts of quotations, and each successful quote signed
83 and dated.

84 85 **Subpart C. Purchases over \$50100,000**

86 If the amount of the purchase is estimated to exceed \$50100,000, sealed bids ~~shall~~must
87 be solicited by public notice as provided in Part 7. Bids and documents pertaining to the
88 award of the purchase ~~shall~~must be retained and made a part of the permanent file or as
89 according to an applicable record retention schedule approved by the State Records Disposition
90 Panel. The record to be retained must include the names of vendors providing bids,
91 amounts of bids, and each successful bid signed and dated.

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93 Bid solicitation is not required for purchases from Minnesota Department of
94 Administration master contracts, MN.IT Services master contracts, Minnesota State
95 ~~Colleges and Universities~~ master contracts, or through cooperative purchasing
96 agreements listed on the system's official web site and authorized for use by the
97 colleges and universities.

98 ~~For proposed single source purchases of goods and services over \$50,000, the request~~
99 ~~form for single source exception must be completed.~~

100 **Subpart D. Purchases over \$100,000**

101 Purchases over \$100,000 require written system office approval from the ~~vice~~
102 ~~chancellor chief financial officer~~VC-CFO. Colleges, ~~and~~ universities, and the system
103 office shall submit a memorandum request for VC approval explaining the need for the
104 purchase, ~~and~~ the purchase amount, ~~shall~~must verify that funds are available for paying
105 for the purchase, and ~~shall~~must describe what process will be used in making the award.
106 The VC-CFO will review the request and respond in writing.~~The college or university may~~
107 ~~proceed with the purchase upon approval of the memorandum.~~

108 109 **Subpart D. System Office purchases \$1,000,000 or greater and less than \$3,000,000**

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

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Subpart E. Single Source

Single Source designation is applied to an acquisition where, after a search, only one supplier is determined to be reasonably available for the required product, service, or construction item. Minn. Stat. § 16C.02, subd. 18.

- For proposed single-source purchases less than \$100,000, the request form for a single-source exception must be completed and approved by the institution's chief financial officer. For proposed single-source contracts \$100,000 or greater, the request form for a single-source exception must be completed and approved by the VC-CFO prior to purchase approval.

Subpart F. Minnesota Department of Human Rights

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

1. Businesses with more than 40 employees within Minnesota

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

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Subpart G. Exceptions to vice chancellor approval

Written approval from the ~~vice chancellor-chief financial officer~~VC-CFO is not required for the following types of purchases where the ~~value~~Total Contract Value of the purchase is less than or equal to \$~~500~~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.

~~Vice chancellor-chief financial officer~~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 ~~4~~5 of this procedure.

Part 57. 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 68. Prepayment

Minn. Stat. § 16A.41, Subd. 1, prohibits ~~the system office, or a college or university~~Minnesota State from paying in advance~~-, except set forth in Minn. Stat. § 16A.065.~~
~~The system office, colleges, and universities can only make prepayments for services or fees in accordance with Minn. Stat. § 16A.065.~~

Part 79. Solicitation of Bids

For purchases anticipated to exceed \$~~50~~100,000 in ~~total~~TCV, sealed bids must be solicited by public notice through publishing a minimum two (2) week notice on a State of Minnesota website or in one or more official newspaper(s). The official newspaper may be the State Register. In addition to the public notice, sealed bids may be solicited by directly notifying prospective bidders not less than seven (7) days before the final date of submitting bids. This notice must state the time and place of receiving bids and contain a brief description of the subject matter. A bid containing an alteration or erasure must be rejected unless the alteration or erasure is crossed out and the correction printed in ink or typewritten adjacent to it and initialed in ink by the person signing the bid. If bids are not submitted electronically, the B bids must be sealed and, when they are read, must be opened in public at the hour stated in the notice.

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

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 203 **Part 810. Purchases from Targeted Group Businesses (TGBs)**

204 ~~Targeted group businesses are those meeting the definition in Minn. Stat. § 16C.16, Subd. 5.~~
 205 Purchasing practices will include provisions ~~whenever practicable,~~ for procurement from ~~small~~
 206 ~~targeted groups~~TGBs and economically disadvantaged businesses as defined in Minn. Stat. §
 207 ~~471.345, Subd. 8. Targeted businesses are certified as such and a list is available from the~~
 208 ~~Department of Administration.~~ as set forth in Board Procedure 5.14.6 and related Policy 5.14
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210 **Part 911. Code of Ethics**

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

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 215 **Part ~~1012~~. Accountability**

216 The chancellor for the system office and the president of each college and university ~~shall~~must
 217 designate an employee who ~~shall~~will have overall responsibility for complying with state and
 218 federal 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.