

BUSINESS POLICY LETTER

TO: All Members of the University Community 2020:01

DATE: July, 2019

PURCHASING POLICY

I. Adherence to Good Business Practices, Ethical Standards, and Applicable Law. Purchases made pursuant to this policy shall be consistent with good business practices and in accordance with the ethical standards of the National Association of Educational Procurement and with all applicable local, state and federal law.

II. Equality of Opportunity in Contracting. To the extent permitted by applicable law, the University will be supportive of programs and practices that promote the ability of minority, woman and disabled business owners to compete equally for opportunities to provide goods and services to the University.

III. Purchases of and Contracts for Goods, Supplies and Services–General Provisions.

A. All purchases of and contracts for goods, supplies, and services by the University shall be made in accordance with this policy, except as otherwise specifically provided in this policy.

B. Prior to any commitment to a vendor, the funds necessary for the purchase or contract shall be encumbered against the applicable account(s).

C. A purchase or contract shall not be subdivided to avoid the requirements of this policy.

IV. Authority to Purchase or Contract. The Vice President for Administration and Finance and, as to the matters which concern solely Kendall College of Art and Design, the Kendall College of Art and Design President/Vice President of Ferris State University, or their designated representative or representatives (hereinafter “Purchasing Officer”), shall have the authority and the duty to purchase or contract for all goods, supplies, and contractual services required by the University. This shall be in accordance with the purchasing procedures prescribed by this policy and such rules and regulations as shall be established pursuant to this policy. Purchasing procedures will include various procurement methods, such as, but not limited to, Purchase Orders, Purchase Orders with Check, Purchasing Cards, EDI and E- Commerce.

V. **Cooperative Purchasing Programs.** The University participates in several Cooperative Purchasing Programs, which are designed to benefit member universities by developing and maintaining volume contracts with suppliers for quality goods and services. For purposes of this section, a “Cooperative Purchasing Program vendor” is a vendor who previously established, negotiated or bid a contract based on the cumulative volume of a group or who has an established contract with a recognized regional or national group, such as the Educational and Institutional Cooperative, Hospital Purchasing Services (HPS), the Michigan Association of College and University Purchasing Agents (MACUPA), or the Michigan Collegiate Telecommunications Association (MiCTA). Notwithstanding any other provision of this policy, purchases from and contracts with Cooperative Purchasing Program vendors are subject to the following requirements:

A. For purchases and contracts of \$25,000.00 or less, one written quotation is required.

B. For purchases and contracts over \$25,000.00, the requirements of this policy for purchases and contracts generally, at the applicable dollar level, shall apply.

VI. **Purchases and Contracts of \$10,000.00 or less.** Except as otherwise specifically provided in this policy, all purchases of and contracts for goods, supplies, and contractual services for the University involving a cost of not more than \$10,000.00 shall not require the solicitation of competitive bids or quotations. However, the Purchasing Officer may choose at his/her discretion to require competitive quotations for purchases between \$5,000.00 and \$10,000.00, if it is deemed in the best interests of the University to do so. All purchase orders for \$5,000.00 or more shall require the approval of the Purchasing Officer.

VII. **Purchases and Contracts between \$10,000.01 and \$150,000.00.** Except as otherwise specifically provided in this policy, all purchases of and contracts for goods, supplies, and contractual services for the University involving a cost of between \$10,000.01 and \$150,000.00 shall be based on written quotations from not less than three (3) suppliers, if available. In awarding a purchase or contract, the following factors, in addition to price, shall be considered:

A. the ability, capacity, and skill of the bidder to perform the contract or provide the service required;

B. the ability to perform the contract or provide the service promptly, or within the time specified, without delay or interference;

C. the character, integrity, reputation, judgment, experience, and efficiency of the bidder;

D. the quality of performance of previous contracts of services;

- E. the previous and existing compliance by the bidder with the laws and regulations relating to the contractor's service and applicable civil rights laws;
- F. the sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service;
- G. the quality, availability, and adaptability of the supplies or contractual services to the particular use required;
- H. the ability of the bidder to provide future maintenance and service for the use of the subject of the contract;
- I. the number and scope of conditions attached to the Request for Quotation or Request for Proposal; and
- J. other factors deemed in the best interests of the University.

When a purchase or contract is not awarded at the lowest quote, a full and complete statement of the reasons for placing the order elsewhere shall be prepared by the Purchasing Officer and filed with the other papers relating to the transaction.

VIII. Purchases and Contracts Greater Than \$150,000.00. Except as otherwise specifically provided in this policy, all purchases of and contracts for goods, supplies, and contractual services for the University involving a cost greater than \$150,000.00 shall utilize the process established in Sec. VII and shall be approved by the President and based on competitive, written bids or proposals. With respect to a purchase or contract involving a cost greater than \$150,000.00, the Purchasing Officer shall:

- A. Prepare a Request for Bid or Request for Proposal describing the requirements of the University clearly, accurately, and completely, but avoiding restrictive specifications which might unduly limit the number of bidders. The specifications shall include the right of the University to reject any and all bids.
- B. Prescribe bid deposits as required by law or as deemed necessary. Unsuccessful bidders shall be entitled to return of surety. A successful bidder shall forfeit any surety required by the Purchasing Officer upon failure on the part of the bidder to enter into a contract within twenty (20) days after the award.
- C. Have the authority to require a performance bond before entering a contract, in such amount as required by law or as deemed necessary to protect the interests of the University.
- D. Have the authority to make other requirements of a bidder or contractor, including (but not limited to) workers' compensation insurance coverage, liability and other insurance coverage, indemnification, etc.

E. Receive written bids submitted by bidders and, subject to the approval of the President, award the purchase or contract in accordance with this subpart. In awarding a purchase or contract, the factors enumerated in Sec. VII, in addition to price, shall be considered. When a purchase or contract is not awarded at the lowest bid, a full and complete statement of the reasons for placing the order elsewhere shall be prepared by the Purchasing Officer and filed with the other papers relating to the transaction. The statement of the reasons for placing of the order elsewhere shall be included in the monthly report to the Board provided for in Sec. 4- XIII.

IX. Purchases and Contracts Involving Capital Construction or Construction Services Greater Than \$250,000.00.

All proposed purchases of and contracts for capital construction or construction services for the University involving a cost greater than \$250,000.00 shall be approved by the Board before the solicitation of bids. After approval by the Board, the Purchasing Officer shall prepare a public notice or advertisement for bid and follow the procedure set forth in Sec. VIII in obtaining competitive bids and awarding the contract.

X. Professional Service Contracts, other than with Auditors and Legal Counsel.

Except for professional service contracts with the independent auditors, who conduct the annual audit of the University, and with legal counsel, who are contracted for by the Board or the President pursuant to the Bylaws or Board policy, the Vice President for Administration and Finance shall contract for all professional services, including those of accountants and architects, and other services determined by the Vice President for Administration and Finance to be professional services of a like nature. If a contract for professional services for the University involves a cost of \$50,000.00 or more, and is not excepted above, the contract shall be approved by the Board, and if it is determined by the Vice President (whose discretion shall be subject to Sec.VIII) that such is appropriate, the same shall be publicly advertised. The requirements of Sec. VIII may be waived with Board approval, which will require that the Board be provided with specific details naming the contractor, the subject of the contract, the time period (the length of the contract) and a not-to-exceed amount. The total amount shall be calculated per project per fiscal year. Except as provided in this section, professional service contracts which are subject to this section shall be exempt from the provisions of Sec. III to Sec. IX.

XI. Establishment of Rules and Regulations. The Purchasing Officer shall, with the approval of the Vice President for Administration and Finance and the President, establish, and amend where necessary, rules and regulations consistent with this subpart for the implementation of this subpart.

XII. Exceptions from Sec. VII and Sec. VIII. The provisions of Sec. VII and Sec. VIII shall not apply to the following:

A. Purchases from the Purchasing Division of the State of Michigan pursuant to their cooperative purchasing service or the Michigan State Industries, both agencies of the State of Michigan, where the Purchasing Officer deems a purchase from one of these agencies to be advisable.

B. Purchases in an emergency wherein any delay in purchasing would possibly result in the interruption of, or detriment to, the proper operation of the University, provided that the Vice President for Administration and Finance has consented to the purchase, and further provided that the President has been notified before the purchase. The President shall make every attempt to notify the Chairperson of the Board within 24 hours and shall apprise the Board on or before the next scheduled Board meeting of any purchase made under this emergency exception and the factual basis for such emergency purchase.

C. The rental, lease or purchase of real estate.

D. The purchase of utilities (gas, water, sewage, electricity, etc.). The Purchasing Officer shall have the authority and duty to purchase or contract for all utilities required by the University.

E. The purchase of insurance. The Purchasing Officer shall have the authority and duty to purchase or contract for all insurance required by the University.

F. Entertainment contracts.

G. Electronic and print media advertising.

H. Resale merchandise for University retail operations, e.g. the Bookstore and Pro Shops.

I. Single-source and direct-provider purchases, as approved by the Purchasing Officer.

J. Purchases of and contracts for goods, supplies, and services approved by or authorized by the Board.

XIII. Monthly Purchasing Report. The Vice President for Administration and Finance and the Vice Chancellors of FSU–Grand Rapids shall furnish the Board with a monthly report of all purchases and contracts for all goods, supplies and contractual services entered into by the University involving a cost greater than \$100,000.00. Such report shall state the name of the contractor, the name of the city where the contractor is located, the subject matter of the purchase or contract, and the purchase order amount and date.

XIV. Exceptions from this Policy. The provisions of this policy shall not apply to the following:

- A. Employment of temporary, part-time, or full-time employees of the University.
- B. Collective bargaining agreements between employee associations and the University.
- C. Banking, daily cash management, short-term investments, stock investments, asset management of annuity trusts, and related matters.
- D. Professional service contracts with the independent auditors, who conduct the annual audit of the University, and legal counsel, who are contracted for by the Board or President pursuant to the Bylaws or Board policy.

Cross Reference

Board Policy, Subpart 4-2, *Purchasing Policy*

Contact: Purchasing Office