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SECTION: POLICY STATEMENT – FINANCE AND OPERATIONS

SUBJECT: PURCHASING POLICY

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PURPOSE: To provide management with policy and regulations governing Foundation purchases.

EFFECTIVE DATE: January 1, 2007

RESPONSIBLE EXECUTIVE: Executive Director of Finance

RESPONSIBLE DEPARTMENT: Foundation Finance

UPDATED: April 19, 2008 and November 10, 2018

FIRST EFFECTIVE DATE: January 1, 2007

LAST REVIEW: November 10, 2018

NEXT SCHEDULED REVIEW: November 2023

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## I. BACKGROUND AND PURPOSE

The Foundation is committed to active competition in the purchase of equipment, materials, supplies and services which will aid and supplement the instructionally related and auxiliary support service activities provided by the Foundation.

## II. POLICY AND REGULATIONS

### A. Policy Provisions

1. Purchases shall be made in a manner which supports and facilitates the competitive bidding process and be at the lowest cost consistent with quality, specifications, service and product availability.
2. Purchases shall follow what is customary in the market place for a particular commodity or product and be consummated in such a manner so as to constitute a reasonably prudent documented business transaction.
3. 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.

4. Purchases from funds held in trust for the University by the Foundation shall conform to University policy and regulations governing the use of such funds.
5. Volume or pool purchases, annual purchase agreements and State purchasing contracts shall be utilized when deemed to be advantageous to the Foundation.
6. Purchases from Foundation, Cal Poly Corporation or CSU staff 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 Foundation management.
7. Sole source purchases on a non-competitive basis will require written justification and approval of the Chief Executive Officer or his/her delegate. The written justification should include:
  - a. Unique performance factors of the products specified,
  - b. Why these factors are required, and
  - c. What other products have been evaluated and rejected, and why.
8. No Foundation Board member, or Foundation, Cal Poly Corporation or CSU employee by virtue of their position, will personally derive any benefit, gain or receive preferential treatment from the use of facilities or procedures available to the Foundation for the purchase of equipment, supplies or services.
9. Employees failing to follow the purchasing policy or procedures may be assuming a personal liability for payment to the vendor and may be subject to appropriate disciplinary action.

## B. REGULATIONS

Consistent with the policy provisions in Section A above, the following regulations apply to Foundation purchases:

1. Equipment, regularly stocked materials and supplies:
  - a. Purchases under \$5,000 - Price quotations should be obtained on all purchases of less than \$5,000, either by phone or in

writing, unless management determines it is not in the best interest of the Foundation to do. Such purchases shall be accomplished in a manner customary to the market place using sound business practices. Documentation should be attached to the requisition and be maintained on file for audit purposes.

- b. Purchases under \$25,000 - Price quotes must be obtained on all purchases where the amount exceeds \$5,000 but is less than \$25,000. Such quotes should be sought from three or more vendors, either by telephone or in writing. Documentation should include date, vendor name, contact person and telephone number, and be attached to the requisition or be maintained on file for audit purposes.
- c. Purchases of \$25,000 or more, shall be based on written specifications and on a solicitation /award process which recognizes competitive price, responsiveness to specifications, and reputation of vendors. Such procedures are not applicable to merchandise for resale. Offers should generally be sought from three or more responsible vendors.

## 2. Computer Equipment (Hardware and Software)

- a. The purchase of computer hardware and software for Foundation operations, or the operations of its agents, shall be compatible with program or project goals and objectives, be within the approved budget, reviewed by the Foundation, and consistent with University procedures.

## 3. Authority to Purchase

- a. Prior management approval is required if a contemplated purchase is not within an approved operating guideline budget.
- b. Purchases of \$5,000 or less may be approved by the appropriate budget manager, administrator or their designee.
- c. Purchases in excess of \$5,000 must receive approval of a Foundation officer or his/her delegate.
- d. Confirming purchase orders may be approved under unusual circumstances when time is of the essence. Such purchases must be approved by the appropriate budget manager, administrator or designee. In addition, if the purchase exceeds \$5,000 it must be approved by a Foundation officer or his/her

delegate.

- e. Local purchases of \$100 or less may be made via Petty Cash.
- f. Equipment purchases, (excluding campus program, grant and contract purchases) in excess of \$25,000 shall be approved by the Board of Directors. Under emergency conditions or unusual circumstances, such approval is granted to the Chief Executive Officer with a subsequent report to the Board of Directors.
- g. Equipment purchases under approved grant or contract shall be governed by conditions of the executed grant or contract.
- h. Purchase of for Agriculture programs shall be approved by the appropriate manager or their designee within the parameters of their respective operating guideline budgets.
- i. 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.
- j. The purchase of "services from" faculty or staff shall be conducted in a manner which constitutes "an arm's length transaction."
- k. Confirming purchase orders shall not be used for the purchase of services or equipment.

### C. IMPLEMENTATION

The Chief Executive Officer is charged with the responsibility of implementing this statement through management guidelines.

*Document Chronology:* August 3, 2019, updates for formatting and added review schedule.