



CHADRON STATE COLLEGE

## **PROCUREMENT PROCEDURES**

### **Personal Property and Contracting Services**

#### **SECTION 1. AUTHORITY**

**A. General.** The responsibility for the purchasing, receiving, storing and distributing of all materials, supplies, movable furniture and movable equipment as well as securing services, other than consulting services, to support the activities and program of Chadron State College, unless otherwise provided, is delegated by the Board to the President of the College.

Established guidelines for procurement are derived from the Board of Trustee's Policy Manual, Policy 7010, 7015, 7016, and the State of Nebraska Purchasing Office, Lincoln, Nebraska.

While a staff member as a prospective user may informally seek information and confer with a vendor about the characteristics and list price of a product, negotiation for purchase of such product must be done in compliance with the College/Board of Trustee's policies. If correspondence is carried on between a prospective user and a vendor, copies of such correspondence shall be included along with other price documentation accompanying a purchase order to the extent determined appropriate. Employees are to be aware of and follow the requirements stated in Policy #5002, "Conflict of Interest: Employment Requirements" when working with potential vendors for the campus.

Purchasing processes and procedures shall be designed to assure that all materials, supplies, equipment and contractual services, using appropriate standards and specifications, can be purchased at the most advantageous price. Where feasible and appropriate, the college shall attempt to determine its annual supply and equipment needs so that purchasing may be coordinated to realize the potential economies of standardization of materials and large scale purchases. State purchasing assistance or contracts may be utilized where found to be advantageous. Payment will be made on satisfactory evidence that the materials have been received or the services rendered; that the designated specifications have been met; and that the price charged is correct.

No employee of the College shall be financially interested, or have any beneficial personal interest, directly, or indirectly, in the purchase or leasing of any articles or property, nor in any firm, partnership, corporation or association furnishing them. No such person shall receive or accept directly or indirectly from any person, firm or corporation submitting any bid or to whom a contract may be awarded, by rebate, gift or otherwise, any money or other thing of value whatsoever, or any promise, obligation or contract for future regard, or compensation. (Board Policy 7010)

## **SECTION 2. METHOD OF PROCUREMENT**

**A. General.** All contracts for purchases and leases shall be bid as a single whole item. In no case shall contracts be divided or fractionated in order to produce several contracts which are of an estimated value below that required for competitive bidding. All purchases of and contracts for services, materials, supplies, or equipment, and all leases of property, shall be made in the following manner, except in emergencies approved by the Chancellor.

Notification of award for the purchase of supplies, materials or equipment shall be accomplished by means of a Purchase Order. Notification of award for leases of property or for services shall be accomplished by a notification letter, followed by an appropriate contract.

In addition to the requirement of this policy, acquisition of specialized equipment must also follow the purchasing requirements established by the Office of the CIO-Communications (telecommunications equipment), Office of the CIO-Information Management Services (computer equipment), and DAS Transportation Services Bureau (motor vehicles).

**B. Competitive Bids.** The Materiel Division of the Nebraska Department of Administrative Services has the authority by State law to develop standards and specifications, take bids and negotiate purchases/contracts for materials, supplies, furniture, equipment, printing, stationery, automotive and road equipment and electronic hardware and software for use by State agencies. The Department of Administrative Services had delegated purchasing authority to each State College and bidding shall follow the rules established by that office and the following requirements of the Board. State purchasing assistance or State contracts and other procurement procedures may be utilized where found to be advantageous.

**C. Non-Bid Limit.** No bids are required for purchases of estimated value less than two thousand five hundred dollars (\$2,500). It is still a good idea to check several sources before spending up to \$2,500. The \$2,500 limit pertains to one order to one vendor at

one time. Dividing orders to stay under the \$2,500 limit is not a valid reason for a no-bid purchase.

**D. Informal Bids.** Informal bids (letters, phone calls, etc.) are required for estimated value equal to or exceeding two thousand five hundred dollars (\$2,500) but less than ten thousand dollars (\$10,000). Informal bids are price quotations for goods or services which are secured by telephone calls or letters to potential vendors. If the bids are obtained by telephone, the College is required to document such bids in writing. All orders shall be bid FOB Chadron, and written documentation on these bids shall be retained for three years. If the anticipated quotation amount could exceed ten thousand dollars (\$10,000), the Informal Competitive Bid process should be used. Facsimile quotations would then not be allowed.

**E. Informal Competitive Bids.** Informal competitive bidding is required when purchases are of an estimated value equal to or exceeding ten thousand dollars (\$10,000) but less than twenty-five thousand dollars (\$25,000). Informal competitive bids are price quotations for goods and services which are secured by a written request for bids and which are documented in writing by the vendors after solicitation by the College. Informal competitive bidding requires written specification to be sent to prospective bidders with a specified date for the return of the sealed bid, but a time opening of the bids is not required. Facsimile quotes or e-mails are not allowed during this process. If the anticipated quotation amount could exceed twenty-five \$25,000, the Competitive Formal Sealed Bid process should be used.

**F. Competitive Formal Sealed Bids.** Competitive formal bidding is required when purchases are of an estimated value in excess of twenty-five thousand dollars (\$25,000). Competitive formal sealed bids are price quotations secured from vendors by means of a "Quotation Request Form." A minimum of 15 calendar days shall elapse between the time formal bids are advertised or called for and the time of their opening. Bids are opened publicly at the time and date specified in the Quotation Request. Facsimile quotations or e-mails are not allowed during this process.

**G. Miscellaneous.** Items may be purchased without competitive bidding when the price has been established by the federal General Services Administration or participation in a contract competitively bid by another state or group of states or other appropriate public entity.

Used vehicles, used equipment, used materials, or used supplies may be purchased by a non-bidding process up to the amount of twenty-five thousand dollars (\$25,000) with the approval of the President or the Chancellor. Documentation justifying the purchase should be included with the purchase order for future reference.

Library acquisitions may be purchased by a non-bidding process when comparable pricing is checked through the Library's automation software or other specialized price comparison software available specifically for library acquisitions.

Repairs to equipment and vehicles are not required to follow competitive bidding procedures. However, the College/System Office shall negotiate for such repairs to assure quality work is performed at a reasonable cost.

### **SECTION 3. CONTRACTS**

**A. General.** The Board of Trustees is responsible for all contracts. No contract may commit funds for a future fiscal year unless specific funding has been identified in a Legislative appropriation bill or an appropriate escape clause has been inserted in the contract.

No contract, purchase option or lease/purchase agreement that requires Board approval shall be signed or finalized in any form until the Board of Trustees has authorized the college to enter into such an understanding.

Contracts, Memorandums of Understandings, or Agreements establishing collaborative, educational partnerships between the Colleges and external entities must be approved in advance by the Board and signed by the Chancellor. Contracts that are solely for the purpose of exploring the potential for future substantive contracts do not require approval of the Board and shall be signed by the President.

All contracts for capital construction projects must follow the criteria stipulated in Policies 8063 through 8068.

All contracts related to revenue bond facilities will be in accordance with the indentures, statutes, and related Board policies.

Contracts with individual students for room, board or deferred payment programs may be entered into by the administration of each college after approval of the terms have been provided by the Board.

**B. Limitations/Exemptions.** Certain contracts do not require review and approval by the Board. An exempt contract shall be defined as any of the following:

1. Any contract for the purchase of food and consumable food service items used in the regular course of business in the operation of the College.
2. Any contract for the purchase of supplies and commodities used in the regular course of business in the operation of the College.

3. Any contract for the purchase of installation services or movable equipment where the total cost does not exceed one hundred thousand dollars (\$100,000).
4. Any contract for the purchase of utilities, gasoline, oil, or diesel fuel used in the regular course of business in the operation of the College. Utilities shall include trash services cable television and wireless internet services.
5. Any contract providing for the sale of single item of personal property owned by the College, where the sale price does not exceed twenty-four thousand dollars (\$24,000).
6. Any granting of a lease or rental agreement to an external party, if the annual proceeds are less than twenty-four thousand (\$24,000) in accordance with Board Policy 8027.
7. Any contract relating to the staging or performance of any cultural, recreational, or intercollegiate athletic event (at home or away).
8. Any contract for the purchase of material to be added to the collection of any State College library.
9. Any contract that does not exceed twenty-four thousand dollars (\$24,000), whereby the College will provide services to an external party including, but not limited to, instruction, consulting, planning, technical assistance or program development courses.
10. Any contract with the state or federal government for the provision of Financial Aid.

All exempt contracts shall be signed by the President or the Vice President for Administration and Finance. In the event that the President and Vice President for Administration and Finance are not able to sign on behalf of their respective institution, the Chancellor is authorized to execute a contract on behalf of the institution. The Chancellor or Vice Chancellor for Finance and Administration or General Counsel are authorized to sign exempt contracts for the System Office. A list of exempt contracts over fifty thousand dollars (\$50,000) authorized and signed by the College or System Office shall be provided to the Board of Trustees in the proper format.

All other contracts, once approved by the Board, shall be signed by the President or Vice President for Administration and Finance and then by the Chancellor or Vice Chancellor for Finance and Administration, or General Counsel.

**C. Consulting Services.** The Board of Trustees recognizes the value and financial savings that may accrue from the use of experienced consultants to the Board, staff and faculty on special aspects of College and System Office programs. Since no institution

can include in its personnel appointments all the highly qualified and widely experienced people on all phases of College or System Office operations, the Board will therefore contract from time to time as appropriate with individuals or groups for special consulting services.

The President is delegated the responsibility for selecting and negotiating on behalf of the Board, consulting contracts under twenty-five thousand dollars (\$25,000). Such contracts shall be signed by the President or Vice President of Administration and Finance. In the event that the President and Vice President of Administration and Finance are not able to sign on behalf of their respective institution, the Chancellor is authorized to execute a consulting contract on behalf of the institution. For consulting contracts where the fee is estimated to be between twenty-five thousand dollars (\$25,000) and fifty thousand dollars (\$50,000) such contracts shall be approved by the Chancellor and signed by the President or Vice President of Administration and Finance and then by the Chancellor or Vice Chancellor for Finance and Administration of General Counsel. All consulting contracts exceeding fifty thousand dollars (\$50,000) that are covered under this policy shall follow a competitive bid RFP process and be approved by the Board. These contracts, once approved by the Board, shall be signed by the President or Vice President of Administration and Finance and then by the Chancellor or Vice Chancellor for Finance and Administration or General Counsel.

#### **SECTION 4. BID ADVERTISING**

- A. See Section 2 for minimum number of days for which bids must be advertised.
- B. All bids shall be FOB Chadron State College. Since freight charges may vary, it should be the responsibility of the vendor to compute this charge.
- C. All written bid requests should have the statement: "Chadron State College hereby reserves the right to waive any formalities or informalities in the best interests of the College."

#### **SECTION 5. AWARD OF BID**

**A. Determining Lowest Responsible Bidder.** All purchases, leases or contracts of articles, property or services which are required to be based on competitive bids, shall be made to the lowest responsible bidder, taking into consideration the best interest of the College, the quality of the articles proposed to be supplied, their conformity with specifications, the purposes for which required, and the times of delivery. In determining the lowest responsible bidder, in addition to price, the following elements shall be given consideration:

1. The ability, capacity and skill of the bidder to perform the contract required;

2. The character, integrity, reputation, judgment, experience and efficiency of the bidder;
3. Whether the bidder can perform the contract within the time specified.
4. The quality of performance of previous contracts;
5. The previous and existing compliance by the bidder with laws relating to the contract;
6. The life-cycle costs of the personal property in relation to the purchase price and specifications of the item;
7. The performance of the article or property, taking into consideration any commonly accepted tests and standards of product usability and user requirements;
8. Energy efficiency ratio as stated by the bidder for alternative choices of appliance or equipment;
9. The information furnished by each bidder concerning life-cycle costs between alternatives for all classes of equipment, evidence of expected life, repair and maintenance costs, and energy consumption on a per-year basis;
10. The results of the United States Environmental Protection Agency tests on fleet performance of motor vehicles. Each bidder shall furnish information relating to such results; and
11. Such other information as may be secured having a bearing on the decision to award the contract.
12. In accordance with state law, when a contract is to be awarded to the lowest responsible bidder, a resident disabled veteran or a business located in a designated enterprise zone under the Enterprise Zone Act shall be allowed a preference over any other resident or nonresident bidder if all other factors are equal. Resident disabled veteran means any person (a) who resides in the State of Nebraska, who served in the United States Armed Forces, including any reserve component or the National Guard, who was discharged or otherwise separated with a characterization of honorable or general (under honorable conditions), and who possesses a disability rating letter issued by the United States Department of Veterans Affairs establishing a service-connected disability or a disability determination from the United States Department of Defense and (b) (i) who owns and controls a business or, in the case of a publicly owned business, more than fifty percent of a the stock is owned by one or more persons described in the subdivision (a) of this paragraph and (ii) the management and daily business operations of the

business are controlled by one or more persons described in subdivision (a) of this paragraph.

**B. Rejection of Low Bidder.** A person may recommend the bid of an apparent low bidder not be accepted; however, their recommendation must be defended in writing and based on the failure of the bidder to conform with these conditions.

**C. Rejection of Bidders.** Any or all bids may be rejected by the College and a notation stating so should appear on all bids. In the case where all bids are rejected and the proposed purchase is not abandoned, new bids shall be called for as in the first instance. The College may also reject the bid of any vendor who has failed to perform a previous contract with the College.

**D. Less Than Three Bids.** If articles are to be purchased by competitive bidding, the College shall prepare standards and specifications for these articles in such a manner it will be possible for three or more manufacturers, vendors, or suppliers to submit competitive bids. If a requisition for articles exceeds ten thousand dollars (\$10,000) and bids cannot be obtained from three bidders, then the standards and specifications of the articles upon which bids are being sought shall be reviewed. If it then is determined by the College in consultation with the System Office staff, that because of the special nature of the articles sought to be purchased, the standards and specifications should remain as written, bids may be accepted from a fewer number of bidders than three with the approval of the Chancellor. On expenditures of less than ten thousand (\$10,000), an award may be made only with the approval of the Purchasing Agent at Chadron State College.

## **SECTION 6. SPECIALIZED EQUIPMENT ACQUISITIONS**

**A. Telecommunications Equipment.** Acquisition of telecommunications equipment must also follow the purchasing requirements established by the Office of the CIO-Division of Communications.

Anyone wishing to purchase/lease these items, must coordinate with the Telecommunications Coordinator.

**B. Computer Equipment.** Acquisition of computer equipment must also follow the purchasing requirements established by the Office of the CIO-Information Management Services. Anyone wishing to purchase computer equipment must coordinate with the College Chief Information Officer.



**C. Motor Vehicles.** The Transportation Service Bureau has the responsibility of approving the acquisition, sale or trade of all state-owned vehicles. Also, the Transportation Service Bureau will own and hold title to all state-owned licensable passenger vehicles. All purchases of state-owned passenger vehicles and automotive equipment must have prior approval by the Transportation Service Bureau.

State-owned vehicles are defined as all vehicles acquired primarily for the purpose of transporting State employees in their official duty from one job location to another, but does not include special use vehicles, such as vehicles equipped for special use within the campus.

## **SECTION 7. EMERGENCY PROCUREMENTS**

**A. Verbal Authorization.** On occasion, an emergency situation may arise that requires a department to procure supplies or services without utilizing normal purchasing procedures. In those instances verbal authorization of the Chancellor or his designee should initially be obtained so as to allow immediate acquisition. Vendor selection should be performed in a manner which would assure that the required supplies, services, or major repair items are procured in time to meet the emergency. Given this constraint, such competition as is practicable should be obtained. Any offer accepted should be confirmed in writing. After the fact, a "Purchase Requisition" should be submitted specifying the items involved, the contributing circumstances and the fact that the items have been already ordered or previously received by the College.

**B. Definition of "Emergency Condition."** An emergency condition is a situation which creates a threat to public health, welfare, or safety such as may arise by reason of floods, epidemics, riots, equipment failures, etc. The existence of such condition creates an immediate and serious need for supplies, services, or major repairs that cannot be met through normal procurement methods and the lack of which would seriously threaten:

1. The functioning of Nebraska government;
2. The preservation or protection of property; or
3. The health or safety of any person.

## **SECTION 8. SOLE SOURCE PROCUREMENTS**

**A. Definition.** A sole-source procurement is an award for a commodity which can only be purchased from one supplier, usually because of its technological, specialized or unique character.

**B. Justification.** Any requisition submitted to the College Purchasing Agent that specifies the procurement be restricted to one potential supplier must be accompanied by an explanation as to why no other will be suitable or acceptable to meet the need.

Sole-source procurements may be as a result of:

1. The need to match or supplement existing equipment; or
2. Only one bid, or perhaps no bids, was received in response to a solicitation.

**C. Restrictive Specifications.** When one bid or perhaps no bids are received it is oftentimes due to the restrictiveness of the specifications which were utilized. Nebraska statutes require that specification be written so that it will be possible for three or more manufacturers, vendors or suppliers to submit competitive bids. If this is not possible, the specification should be reviewed by the College Purchasing Agent and the requesting department, rewritten and new solicitations for bids issued.

**D. Authorization for Sole-Source Procurement.** In the event the specifications are determined to be adequate and nonrestrictive, a sole-source procurement may be authorized by the College Purchasing Agent. If the anticipated expenditure exceeds ten thousand dollars (\$10,000), the additional approval of the Chancellor is required.

## **SECTION 9. SPECIFICATIONS**

**A. General.** This section is intended to remind departments of the significant role proper preparation of specifications plays in the purchasing process. A specification that is so restrictive only defeats the objectives of centralized procurement. The following information briefly explains the purpose of a specification and the various types of specifications which can be utilized. Additional assistance may be obtained from the College Purchasing Agent.

**B. Specifications.** A specification relates the technical and descriptive requirements of a product and its intended use or application. Specifications describe what is required or desired and thus, what the successful bidder is to furnish. Specifications are the communication media between the buyer and seller and the basis on which bids are prepared. Specifications provide a control to assure that the proper quality level is purchased (i.e. that the quality level is suited to the items intended use and that unnecessary features and frills are not included.) Specifications are public records that serve to keep the purchasing process open by allowing the public to see exactly what is being purchased. Specifications are used during the evaluation of bids to determine whether or not bids are responsive. Any bid that does not substantially meet the requirements set forth in the specifications cannot be considered for the award.

## Types of Specifications.

1. **Brand Name Specifications** – brand name, model number, or some other designation is cited that identifies a specific product of a manufacturer as an example of the quality level desired. Items equaling or surpassing the quality level are understood to be acceptable. Brand name specifications should always be accompanied by a phrase such as “or equivalent” or “similar in design, construction and performance.”

The Quotation Request should identify the most prominent characteristics which are to be used in comparing brands and determining the award.

The disadvantages of a brand name specification are that they may lessen objectivity in the process of evaluation and award, reduce equality of opportunity among bidders, and often discourage competition.

2. **Qualified Products List** – various brands are examined, approved and placed on a list. When a Quotation Request is issued, the bidding is limited to those vendors whose products are on the list. The purpose of this type of specification is to determine in advance those products which comply with specifications or otherwise are acceptable.

The advantages of qualified products lists are that the evaluation of bids is greatly simplified, and the price and performance capability of the bidder becomes the determinants. Also, any questions from suppliers whose products are determined to be unacceptable are handled prior to issuing the Quotation Request.

The disadvantages of qualified products lists are the competition is limited to those products on the list, and qualified products lists deal only with products on the market and therefore do not ordinarily encourage or take advantage of innovation.

3. **Samples** – under this procedure, bidders are invited to offer their price and a sample of the product against a general descriptive specification. The samples are then subjected to various kinds of comparisons ranging from visual inspection and evaluation to chemical and physical laboratory test to in-use applications. Data and relative performance results are documented, and determinations are made on the best value.
4. **Designation of Special Purpose** – utilized when it is necessary to purchase an item for a special purpose when no items of that kind are normally produced or marketed. Most frequently, a normal specification is accompanied by a questionnaire asking what modifications bidders would offer to make to their product to make it most suitable for the particular need. Prospective suppliers

compete based on an impartial evaluation of the alternatives offered by all who respond.

5. Design Specifications – set the requirements for the item to be purchased by detailing the characteristics that the item must possess. The specification is so detailed that it describes how the product is to be manufactured. Its use is essential where a structure or product is to be made to meet the purchaser’s design.
6. Performance Specifications – set out the performance requirements a product is to meet. Performance requirements describe the capabilities that are necessary to satisfy the intended use for the article. Performance specifications are the most preferred type of specification. They encourage ingenuity, innovation and cost reduction on the part of the manufacturer or producer.

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