

NORTHLAND COMMUNITY AND TECHNICAL COLLEGE

5085P PROCUREMENT AND CONTRACTS PROCEDURE

In accordance with MnSCU Procedure, 5.14.5, the College has the authority to establish procedures relative to procurement and contracts.

Procurement Process – 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 Minnesota Statutes Ch. 16A.15, Subd. 3. The state cannot agree to indemnify third parties or hold them harmless (Minnesota Statutes Ch. 16A.138; Minn. Const. Art. XI, Sec. 1).

- 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 Minnesota Statutes Ch. 16A.15, Subd. 3 is just cause for the employee's removal.
- Employees who receive three 16A violations within a twelve month period will have purchasing privileges suspended for twelve months.

Purchasing Contract Defined - A purchasing contract means an agreement entered into for the sale or purchase of supplies, materials, equipment, or the rental thereof, or the construction, alteration, repair, or maintenance of real or personal property.

Purchasing Contract Amounts

Purchases of \$10,000 or less - If the amount of the purchase is estimated to be \$10,000 or less, the purchase may be made either upon quotation or in the open market. If the purchase is made upon quotation, it shall be based, so far as practicable, on at least two quotations. 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. All quotations obtained shall 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.

Purchases over \$10,000 to \$50,000 - If the amount of the purchase is estimated to exceed \$10,000, but not to exceed \$50,000, the purchase shall be made by obtaining two or more written dated quotations for the purchase or sale, and without advertising for bids or otherwise complying with the requirements of competitive bidding. All quotations obtained shall 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.

Purchases over \$50,000 - If the amount of the purchase is estimated to exceed \$50,000, sealed bids shall be solicited by public notice. Bids and documents pertaining to the award of the purchase shall be retained and made a part of the permanent file. The record to be retained must

include the names of vendors providing bids, amounts of bids, and each successful bid signed and dated.

Bid solicitation is not required for purchases from Minnesota Department of Administration master contracts, Office of Enterprise Technology master contracts, or Minnesota State Colleges and Universities master contracts or through cooperative purchasing agreements listed on the system's official web site and authorized for use by the colleges and universities.

Purchases over \$100,000 - Purchases over \$100,000 require written approval from MnSCU. The College must submit a memorandum explaining the need for the purchase, the purchase amount, verify that funds are available for paying for the purchase, and describe what process will be used in making the award. The College may proceed with the purchase upon approval and direction from MnSCU.

Advertising for Bids - No required bid contract shall be awarded without publishing a seven-day notice in the designated official newspaper(s). This notice shall state the time and place of receiving bids and contain a brief description of the subject matter. Additional publication in the official newspaper or elsewhere may be made as the Director of Finance deems necessary.

After taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids, every such contract shall be awarded to the lowest responsible bidder, be duly executed in writing, and be otherwise conditioned as required by law; however, the Director of Finance may reject the low bid for just cause. In the event the contract amount is expected to exceed \$50,000, the person to whom the contract is awarded shall give a sufficient bond to the Director of Finance for its faithful performance. The performance bond shall be equal to five (5%) percent of the contract amount.

Contracting – The College has the authority to enter into contracts up to \$100,000 for professional or technical services. All contracts shall be processed on forms approved by MnSCU to insure they include state required contract language. Any contract on a non-MnSCU approved form requires the review of the Attorney General's Office.

Contracts in excess of \$100,000 must be reviewed and approved by MnSCU prior to making any obligation. In the review process, the requesting department must provide a memorandum explaining the need for the contractor, estimated cost, and verification that funds are available for payment to the contractor.

Conflict of Interest - Any employee having the authority to purchase on behalf of the College that conducts business with a related party or a business in which the employee has an interest must consult with the Director of Finance to determine whether or not the relationship constitutes a conflict of interest.

Out of State Travel – Any out of state travel related expenses not having prior approval by the President are not properly encumbered and will result in the employee receiving a 16A violation.

Date of Adoption: 6/24/10

Date of Implementation: 7/1/10

Date & Subject of Revisions: 2/23/11 – added out of state travel statement