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INTRODUCTION

The contents of this Procurement Operations Manual (POM) are intended to serve as a guideline for administrators, buyers, employees and other personnel in the conduct of business transactions for the benefit of California State University, Dominguez Hills (CSUDH). This POM has been created, partially, to satisfy the requirement in the Integrated California State University Administrative Manual (ICSUAM) Section 5000 for contracting and procurement, but more importantly to establish a common understanding of procurement practices at CSUDH.

This manual shall be maintained by the Office of Procurement and Contracts and will be posted on the Procurement and Contracts web site for CSUDH employee use.

There are eight (8) major Sections into which the Manual is divided:

- Section 1 addresses the subject of “Authority for Transactions” – i.e., how the responsibilities for procurement operations are transferred within the California State University (CSU) from the Trustees to other tiers of the organization.
- Section 2 relates to procedural requirements common to all transactions-primarily those for purchases, service orders, and contracts;
- Section 3 addresses transactions solely for commodities;
- Section 4 shows requirements that are specific for service acquisitions;
- Section 5 contains certain requirements that are unique to computer and other Information Technology transactions;
- Section 6 contains the requirement and responsibilities related to the administration of contracts;
- Section 7 speaks to special conditions that be addressed to undertake the sale or lease of campus property or services;
- Section 8 describes the policy and high level procedures of disposing of and accounting for CSU property.

The Manual’s material is largely reflective of State of California Statute, CSU Systemwide policies and procedures, and those specific practices at CSUDH. The majority of legal references from California Statute are found within the Public Contract Code (PCC) and the Education Code.

MISSION STATEMENT

Procurement and Contracts at California State University, Dominguez Hills serves and supports the overall interests of the University by providing a variety of goods and services responsive to the needs and challenges of our Students, Faculty and Staff while observing state and university laws, policies and guidelines. We are committed to provide reliable, cost effective, timely, innovative, and quality customer services in a courteous and professional manner.
VALUES STATEMENT

**Integrity:** Consistently honest and fair conduct in business and personal dealings.

**Professionalism:** Maintaining an attitude that promotes and reinforces positive interactions conducive to producing quality work.

**Customer Service:** Meeting and exceeding customer expectations.

**Legality:** Adherence to the State and CSU law in all decisions.

**Accountability:** Taking personal responsibility for what we do to ensure that our actions reflect the best interests of the University.

CODE OF ETHICS

Procurement and Contracts embraces the CSU System wide Procurement and Support Service Officers Code of Ethics as stated below:

As public employees and purchasing professionals, we commit ourselves to provide leadership and dedicated service to our customers and to apply our best, unbiased judgment and maintain the highest ethical and moral standards in the conduct of CSU business. We guide our activity through the application and adherence to the following commonly shared values and ethical standards in our daily interaction with suppliers and University customers:

- Conduct business in good faith; demanding honest, legal, and ethical practices from all participants in the purchasing process.

- Foster an open environment by being fair and reasonable in all dealings.

- At no time and under no circumstances accept directly or indirectly, gifts, gratuities or other things of value which might influence, or appear to influence, purchasing decisions.

- Promote positive supplier/contractor relationships by according vendor representatives courteous, fair and ethical treatment.

- Make reasonable efforts to negotiate equitable and mutually agreeable settlements of controversies with supplier(s).

- Avoid involvement in any transactions/activities that could be considered to be a conflict between personal interests and the interests of the CSU.
• Know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions.

THE ROLE OF PROCUREMENT AND CONTRACTS

Procurement and Contracts assists the campus community with the acquisition of commodities and services of the proper quality, at the right time, in the proper quantity, at a fair and competitive price, and from the right source.

Procurement and Contracts subscribes to the fundamental principles encompassed in the CSU Trustees’ Policy, which are:

A recognition that the basic mission of the CSU and CSUDH is to support the teaching, research and public service requirements of higher education for the people of the State of California,

A recognition that the continued development and refinement of purchasing policies in accordance with good business judgment and best business practices is paramount to the effective and efficient total operations of the CSU and CDUDH,

A firm belief that it is in the CSU’s best interest to limit, as much as possible, prescriptive policies and regulations and to provide maximum flexibility to, and accountability for, the adoption of local policies and procedures to insure the cost effective operation of CSUDH business, and,

A recognition that ICSUAM establishes a baseline for Trustees’ Policy and that it is the responsibility of Procurement and Contracts to determine the disposition of any issue not specifically addressed in the ICSUAM or prescribed in State laws or regulations.

1. Delegation of Purchasing and Contracting Authority

Trustees’ Authority: The Trustees of the CSU have the statutory authority to commit the CSU to purchase personal property; enter into agreements for the furnishing of services; and lease, sell, or exchange any property of a state university for any purpose that they consider to be consistent with the functions of the CSU.

*Education Code 89036, 89046, 89048; Public Contract Code (PCC) 10295, 10430(c), 12100.5, 12120; ICSUAM 5100.*

1.02 Chancellor’s Authority

The Chancellor of the CSU has delegated authority from the Trustees to, amongst other things, make property and services transactions consistent with the provisions of statutory authority

*Standing Orders of the Board of Trustees, Chapter III, Section II-e; ICSUAM 5101.*

1.03 President’s Authority

The President of CSUDH received delegated authority from the Chancellor to purchase, sell, lease, or license personal property and acquire or provide services in accordance with Trustees’ policy and law. The Authority delegated to the President can then be delegated to those managing Divisions at his or her discretion for further controlled delegation into their respective administrative ranks. All delegations must be in writing.

*EO 775*

1.04 Procurement Office Authority

Through the delegations received in 1.03, the Procurement and Contracts Office represents CSUDH on all procurement of goods, services, construction and real property leasing transactions and has been delegated the specific authority to prepare, process, and execute documents necessary to carry out that responsibility.

1.05 Sole Source Approval

Sole source purchases under $100,000 must be approved by the Director of Procurement and Contracts; Purchases of $100,000 or greater must be additionally approved by the Vice President for Administration and Finance. Sole source purchases of $250,000 or greater must additionally be approved by the Vice President for Administration and Finance and the Executive Vice Chancellor of Business and Finance at the CSU office of the Chancellor. *Ref. Sole Sources Section 2.05*

1.06 Procurement Card

Campus employees can be authorized a limited delegation to purchase authorized goods and services via the P-card. The Procurement Card Policy Manual is located via the link below: [https://www.csudh.edu/pclass/procurement-contracts/procurement-card](https://www.csudh.edu/pclass/procurement-contracts/procurement-card)

1.07 Direct Pay

Campus personnel may directly purchase specific goods and services as specified on the drop down menu of the Direct Pay Form. The Direct Pay Form is located via the link below: [https://www.csudh.edu/Assets/csudh-sites/accounting-services/docs/accounting-services-Direct-Pay-Form.pdf?CSUDH+Direct+Pay+Form](https://www.csudh.edu/Assets/csudh-sites/accounting-services/docs/accounting-services-Direct-Pay-Form.pdf?CSUDH+Direct+Pay+Form)

1.08 CSU Marketplace
It is the policy of CSUDH that commodities available on the CSU Marketplace shall be the primary source for those commodities for purchases via P-card.

2. Common Elements to All Transactions

2.01 The Procurement Cycle for General Acquisitions

Department
- Recognizes the need for goods/services
- Ensures adequate funds are available
- Defines specifications or statement of needs for the goods/services
- Submits a requisition via CFS to Procurement and Contracts.
- The department may recommend vendors but the selection is the responsibility of Procurement and shall include using the appropriate competitive means under CSU or campus policy.

Procurement and Contracts
- Reviews order for completeness and accuracy
- Determines the procurement method
- Solicits, evaluates, negotiates where appropriate, reviews quotations, bids or proposals and makes an award
- Evaluates the use of cooperative contracts such as CSU Master Enabling Agreement, UC Agreements, State Leveraged Purchasing Agreements and other cooperative agreements
- Issues a purchase order and/or contract

2.02 Defining Policies and Practices Related to All Transactions

The contents of the following paragraphs apply to all procurement transactions, i.e., acquisitions of personal property (commodities) or services, information technology, orders and contracts, and the sale, lease, license, and disposal of CSU personal property. In concert with the intent of the California Legislature, the requirements of this Section are intended to achieve the following objectives:
• to explain law and policy with respect to competitive bidding requirements;
• to protect the public from the misuse of state funds;
• Seek competition to the maximum practical degree, taking into account the size of the anticipated procurement, the term of the resulting contract and the likely extent of competition;
• to provide all qualified bidders with a fair opportunity to enter the bidding process, thereby stimulating competition in a manner conducive to sound business practices and state fiscal policies;
• to prevent favoritism, fraud, and corruption in the awarding of state contracts.

2.03 Defining Characteristics of Purchase Orders, Service Orders, and Contracts:

For goods or services not available through the CSU Marketplace, P-card, or Direct Pay, a requisition is submitted to Procurement and Contracts for processing. A requisition is an internal document generated in CFS, the financial management system, (or in hard copy only by special permission) by which a department provides detailed description and specifications of the requested goods and/or services to Procurement and Contracts. Requisitions must be properly authorized and approved. Procurement and Contracts will determine the appropriate method of procuring the required goods or services.

A purchase order, once issued under proper authorization to a vendor who has been duly informed of the intent to buy a commodity offered at a specified time and price and under mutually-agreed-upon terms and conditions, is a legally binding contract. However, it differs from a contract (formal signed agreement) in that only one party (the issuer) is required to sign it.

A service order is an instrument that technically can be used in much the same manner as a purchase order (signed unilaterally by the issuer), except that a service rather than a commodity is proposed to be rendered to the requester.

A contract is a formal agreement, signed by all parties who are bound (legally) by its terms and conditions. Contracts or Agreements can be issued for any number of purposes.

The Standard Agreement form is commonly the instrument used by Procurement and Contracts for such a contractual purpose, however other contractual tools may be appropriate in certain circumstances. Procurement and Contracts may determine the appropriateness of any alternative form of contract. Other contracting forms that that obligate the resources of CSUDH that require specific delegated authority to execute include, but not limited to memorandums of understanding, nursing agreements, student intern agreements and subscriptions, etc.

PCC 10300 et seq.; ICSUAM 5300, 5400, 5406, Section 4.07

2.04 Competitive Bidding
The promotion of fair and open competition by CSUDH in the acquisition of goods and services to meet its needs is indispensable to maintaining its operational health. Not only does it normally result in the best use of the university’s limited financial resources, but by preventing favoritism it provides a professionally viable and comfortable climate in which CSUDH may conduct its business.

When properly implemented, it achieves optimal benefits to everyone involved, including the general public in regard to the best use of the university’s budget as appropriated by the California Legislature.

There are numerous ways to promote fair and open competition. They include, but are not limited to, public advertising for bids or proposals through the use of the California State Contracts Register (CSCR) or Planet Bids; initiating outreach programs, an extensive use of vendor and contractor source files for bidding purposes, electronic notification or solicitation or simple telephone calls or emails to obtain informal quotes.

The use of automated or manual “bidder lists” for categorical product or services solicitations is good practice. Such lists are to include the most provider (if any) as well as those who have responded to past advertisements or notices issued for the same or similar products or services.

Any decentralization of purchasing authority at CSUDH for low-dollar acquisitions carries with it a tacit and continuing responsibility to use the dollars wisely.

There are occasions when the solicitation of competitive bids is impractical or inadvisable. These are exceptions to the rule and can be found listed in ICSUAM 5204.400.

They include the following:

- Emergency contracts which are necessary for the immediate preservation of the public health, welfare or safety, or the protection of CSU property and programs (PCC §1102, 10340(b)(1));
- Contracts for the work or services of a state, local or federal agency, the University of California, a California community college, a foundation or auxiliary organization incorporated to support the CSU, or a Joint Powers Authority of which the CSU is a member (PCC §§ 10335(a), 10340(b)(3) §11256);
- Contracts solely for the purpose of obtaining expert witnesses for litigation (PCC §10335.5© (3)); Contracts for legal defense, legal advice, or legal services by an attorney or the attorney’s staff (PCC §10335.5© (4)); Contracts for the express purpose of obtaining non-CSU legal counsel or obtaining expert witnesses for litigation (both of these must be submitted to the Office of General Counsel for approval);
- Small Business/Disabled Veteran Business Enterprise (SB/DVBE) Option (GC § 14838.5; PCC §§ 10335.5(c)(6), 10340(b)(6)) (See ICSUAM policy 5215);
Contracts for the development, maintenance, administration, or use of licensing or proficiency testing examinations (PCC § 10340(b)(7));

Contracts for which only per diem and travel expenses are paid and there is no payment for services rendered;

Contracts with business entities operating Community Rehabilitation Program workshops as specified in ICSUAM 5219;

Equipment maintenance contracts for which there is only one authorized or qualified source required by the equipment manufacturer for the preservation of equipment warranty;

Proprietary software maintenance, annual license renewals, and/or upgrade contracts;

Utilities contracts for which there is no competition because of sole authorization to provide service to the geographical area;

Public entertainment contracts for campus-sponsored fairs, expositions, exhibitions, plays and concerts;

Contracts for conference or meeting facilities, including room accommodations for conference attendees;

Educational materials and information access resources related to campus library services as specified in ICSUAM 5303.400;

General Services Administration (GSA) contracts in accordance with ICSUAM 5204;

California Department of General Services Leveraged Purchase Agreements list on the web site: http://www.dgs.ca.gov/pd/Programs/Leveraged.aspx

Contract amendments for time extensions, with no additional dollars being added;

Contract amendments to exercise options that were part of the original contract or that were part of a previously approved amendment to the contract;

Contract amendments that are within the scope of or incidental to the original contract scope of work;

Contracts for professional examinations and memberships;

Contracts for goods or services produced by Prison Industry Authority;

Real property rentals or real property leases;

Proprietary subscriptions, publications, technical manuals (manuals, law books, etc.) or technical services related to publications;

Subscriptions or licenses to online academic or statutorily mandated content;

Rental of proprietary postage meters if they are interfaced and inter-membered with existing mailing equipment and there is only one authorized manufacturer’s representative in the geographic area.

PCC 1103, 10300 et seq., 10430(c), 12100 et seq.; ICSUAM 5206

2.05 Solicitation Methodologies

The selection of a vendor or contractor to satisfy a university need is not necessarily based upon the lowest responsible bid or quote received. While this certainly must be a prime criterion, the quality of the product or service, provider reliability, warranties, and several other
factors also can (and often should) enter into the decision to award an order or contract. Awards are based upon either of two different solicitation approaches: (1) An IFB (Invitation For Bid) based upon the acceptance of the lowest responsible bid for a product that has been fully described with detailed specifications accompanying the solicitation, or (2) An RFP (Request for Proposal), awarded on the basis of the highest score attained from an evaluation process. The RFP conveys essentially what is needed but leaves the detailed specifications to the proposers.

A “best value” (or “value-effective”) solicitation uses the premise of the RFP, not the IFB. It is normally employed for the acquisition of a large-scale system or complex program requiring an expansive array of criteria (in addition to the cost) to be considered for the award of the contract. Such criteria may include, but are not limited to such things as the quality of the product or service; estimated operational costs; previously demonstrated technical competency of the provider; financial stability and anticipated long-term reliability of the provider; terms and conditions of the warranties, guarantees, returns/refunds; and the quality and viability of the proposal itself. These and other criteria may be assigned weighted value for purposes of the evaluation. The criteria and corresponding weight factors must be disclosed to the proposers in advance, by including them in the solicitation.

A “multi-step” procurement provides a structured method for discussing alternative solutions to the campus’s requirements and to obtain bids or proposals that are responsive to these requirements. It is appropriate whenever the campus finds it desirable to solicit, review and discuss preliminary proposals, particularly when more than one solution might be acceptable. This method of solicitation permits ongoing confidential discussions with bidders and an opportunity for the solicitation document to be revised as the discussions ensue. Once the discussions have ended and the best approach to a solution has been determined, a formal solicitation document is issued. Ultimately the best offer will then receive the award.

“Negotiated competition” is an award method that allows an open and flexible environment (once the proposals have been received and evaluated), in which to arrive at an agreement about all aspects of the system or project, including a best and final offer from the proposer who submitted the proposal that received the evaluation with the highest score. If the details cannot be agreed upon or if the best and final offer is not acceptable, the campus can then elect to negotiate with the proposer who had the next-highest scored evaluation, etc.

A “Request for Quotation” (RFQ) may be utilized to obtain price quotes for products or services whenever (a) the estimated cost is less than the threshold established in policy for acquiring formal bids, and/or (b) the terms and conditions of the transaction, if any, may not be significant enough to require both parties to sign a formal agreement (in which case a purchase order or service order could be more appropriate than a contact).

A “Request for Information” (RFI) is used to determine whether there is market availability or
interest in satisfying a specific campus need or providing the solution to a given problem expressed within the RFI. The issuance of an RFI to prospective providers may serve as a preliminary step to the issuance of a formal bid invitation, if multiple encouraging responses are received.

_PCC 1103, 10300 et seq., 12100.7; ICSUAM 5203_

2.06 Limits on Competitive Bidding (use of Sole Source, Sole Brand, “Or Equal” clauses)

Generally, no agency or employee of the State of California may draft, or cause to be drafted, any specifications for bids in connection with the purchase of supplies or materials in such a manner as to limit the bidding to any one bidder. Likewise, no invitation for bid or request for proposal may be drafted, or be caused to be drafted, for services in such a manner as to limit the bidding to a single bidder.

Aside from the legally-permitted exemptions from the solicitation of competitive bids (such as defined emergencies and other circumstances recognized under California statutes or CSU policy), there are obviously occasions when only a single source (or a single brand) exists or is suited to accomplish the need at hand. When this is the case, documentation is required to show why a non-competitive award must be issued.

Except in cases where a product of a specified brand name is the only product that can properly meet the needs of a requester, the drafting or application of specifications or bid requirements that directly or indirectly limit the bidding to a single brand is prohibited. A “brand name or equal” is a competitive process that allows bidders to propose equivalent items.

A sole source procurement is permissible only when a determination has been made and approved in writing, that only one source exists for the required product or service. A requirement for a proprietary (or sole brand) item does not necessarily justify a sole source procurement, as more than one potential bidder or supplier may exist who can supply that item.

The determination as to whether a procurement has been adequately justified in writing using a “Sole Source / Sole Brand Justification Form” shall be made by Procurement and Contracts. Sole source purchases of Sole source purchases under $100,000 must be approved by the Director of Procurement and Contracts; Purchases of $100,000 or greater must be additionally approved by the Associate Vice President for Administration and Finance; sole source purchases of $250,000 or greater must additionally be approved by the Vice President for Administration and Finance and the Executive Vice Chancellor of Business and Finance at the CSU office of the Chancellor. _Ref. Delegation of Authority in Section 1.04._

A request for a sole source acquisition must include a written justification explaining why the sole source is necessary to satisfy the needs of the requester. The justification shall include project background and the following information:
2.06.1 The unique performance factors required;
2.06.2 Why these factors are required;
2.06.3 What other sources have been considered, rejected, and why.

The adequacy of the information provided by the requester is evaluated and approved by the Director of Procurement and Contracts.

Bidding and Sole Source limits for Information Technology Purchases is contained in Section 5 of this manual.

PCC 10318, 10339; ICSUAM 5206

2.07 Exclusion of Vendors or Contractors from Bidding

A vendor or contractor may be removed or suspended from a list of potential bidders and be prohibited from participating in any of the bid processes if there has been a failure without good cause to perform in accordance with the terms of a past contract with CSUDH, another CSU campus, or with any other governmental entity. It may also be removed or suspended if its performance with respect to a previously awarded purchase order or contract has been unsatisfactory performance has been recorded, but shall not exceed a period of 360 calendar days in duration. A vendor or contractor excluded from bidding shall be relieved of prohibition at any time after the 90-day minimum period, upon demonstrating to the CSU satisfaction that the problems that resulted in the removal or suspension have been corrected.

PCC 10303, 12102; ICSUAM 5213

2.08 Use of Electronic Transmission

The campus is authorized, under California law, to enter into contracts by way of electronic transmission (such as e-mail, fax, or other verifiable electronic means) including, but not limited to, the issuance of solicitation documents and receipts of responses thereto. Electronic transmission methods are also authorized for the required notification to an apparent low bidder that a different bidder is receiving the award. Formal bids or proposals are authorized via electronic transmission, provided that appropriate measures are employed to protect the confidentiality of the sealed bid requirement. Finally, responses to protests, disputes, and complaints are unauthorized under Trustees’ policy to be transmitted in this fashion.

PCC 1600; ICSUAM 5226

2.09 Vendor Data Base

To support the principle of open and fair competition, and to make possible the quick identification of known product or service sources, the Procurement and Contracts maintains an active vendor database containing information and resources on products and services that are likely to be requested for the purpose of conducting the university’s
business and for carrying out its educational responsibilities.

**PCC 10302, 10303; ICSUAM 5213**

2.10 Requisitions and Processing

Procurement and Contracts accepts electronic requisitions submitted through the PeopleSoft Financial Management System, more commonly known as CFS. In certain specific circumstances, hardcopy submittals of requisitions may be accepted. Requisitions that are submitted by hardcopy must be signed by the person with signature authority over the accounts(s).

Fiscal Year-End deadlines for the submittal of requisitions are established and outlined in an annually prepared memo from the Associate Vice President, Administration and Finance. The purpose of this multi-departmental calendar is to accommodate year-end closing activities in an orderly fashion.

2.11 As-Needed Service Agreement

These are agreements designed to accommodate campus needs for a specified period of time with a single vendor or contractor. It encompasses a class or category of goods or services in which a vendor or contractor specializes and can readily furnish upon demand. The agreement generally establishes the prices, effective term, general provisions (administrative requirements), any special terms and conditions, a total cost-not-to-exceed for the effective term, order-placing authority, shipment procedures discounts or prompt payment allowances, and an option to extend the effective term (if mutually desired). Quantities or minimum sales are not normally specified.

Invoices must be submitted to the campus confirming the sale and delivery of the goods or services and referencing the blanket purchase order number.

These types of orders must be competitively bid unless the specified cost not to exceed amount is less than $50,000 for services or commodities, or unless a sole source justification has been approved by Procurement and Contracts. Amendments to increase the amount (or to extend the effective term if so provided in the original agreement) may be executed by mutual consent, as long as the $50,000 for services cost limitations are not exceeded on the Blanket Order. When practical, new bid solicitations are encouraged in lieu amendments so that the campus may continuously benefit from market competition.

**ICSUAM 5204**

2.12 Low Value Purchases:

The development of methods for reducing the costs of executing low-value purchases through expedited order processing, the use of procurement credit cards, and/or the issuance of low-
value purchase authorizations is a CSU policy that CSUDH supports.

Direct payments may be made for commitments or obligations for which little or no value can be added by processing the transaction through the standard procurement procedures. Such payments are processed by the Accounts Payable Office and are not supported by the issuance of formal purchase orders or contracts, nor the approval from the Procurement and Contracts Director.

Examples of such commitments or obligations may include expenses for: public utilities, room rentals, books, subscriptions, publications, registration fees, and membership dues. This direct payment policy does not apply to payments of invoices that exceed contract or purchase order amounts.

ICSUAM 5227

2.13 Multi-Year Contracts

Contracts extending into future fiscal years must include a provision stating that continuation of the contract is subject to the appropriation of funds by the California Legislature. A contract provision provided in the CSU Standard terms and condition must be used in such cases.

ICSUAM 5208

2.14 CSU Master Agreements

CSU Master “enabling” Agreements or “MEA” are instruments of a pooled purchase or consortium solicitation whereby all CSU campuses, may participate and take advantage of volume-discounted acquisitions. MEA’s may only be issued by the Office of the Chancellor or under specific written delegation to a campus procurement office by Contract Services and Procurement at the Office of the Chancellor. The CSU can also enter into such Agreements on a cooperative basis with select external organizations (such as other universities or public entities) wherever no conflicts exist in the laws, policies, and regulations that govern the respective contracting/purchasing operations.

Orders under an MEA awarded to a single vendor will require a separate Purchase or Contract ordering document that is prepared and executed by the campus. The ordering document must contain any appropriate attachment, rider, or cost schedule, and show reference to the Master Agreement by name and number.

Unless stated otherwise in the CSU Systemwide contract web site, if Master Enabling Agreements were awarded to multiple vendors then acquisitions placed against those Master Enabling Agreements shall be competitively solicited from two or more of the awarded vendors resulting in two or more offers. Such competition may be the result of an informal or formal solicitation process as determined by campus procedures. Acquisitions for by ICSUAM 5301.00
(Sections 100 and 200), 5401.00 (Sections 100 and 200) and 5501.00 (Sections 100, 200 and 300) are exempt from this competition requirement. In the event that only one offer is received, documentation of the solicitation method used must be included with the contract.

In the event that only one offer is received, documentation of the solicitation method used must be included with the contract.

Master Enabling Agreements resulting from a formal competitive process and where only one vendor was awarded an agreement do not require further competition by the campus.

ICSUAM 5204

2.15 Pricing Agreements & Schedules

These are provided by vendors and are negotiated to take advantage of a vendor’s best pricing to the CSU. Such best pricing is based upon an estimated aggregate volume of the product(s) sold to the CSU, either in the past or in the future. The vendor does not receive exclusive rights to sell the product(s) to the university. A Pricing Agreement or Schedule may be used anytime a formal bid solicitation is not required. A vendor’s Pricing Agreement or Schedule may not be used as a substitute for the competitive bidding process required in formal solicitations. If the Agreement or Schedule prices are shown to be lower than the bids received from other potential providers at the conclusion of the formal process, the university may document the bid results and opt to use the vendor with the Pricing Agreement or Schedule.

ICSUAM 5204

2.16 State Contracts

The State Department of General Services (DGS) creates Leveraged Purchasing Agreements for commodities and services that may represent the best value to the campus. They may be used whenever necessary. DGS may, from time to time, issue contracts from various mean of competition. CSUDH may use those contracts as instructed by DGS.

ICSUAM 5204

2.17 General Services Administration Contracts (federal)

The GSA, representing the federal government, establishes agreements with multiple vendors for the purpose acquiring goods and/or services under specific prices, terms and conditions. Since these agreements are issued under a competitive process, the CSUDH may award a contract to a vendor having such an agreement without further competitive bidding, but only if the vendor is willing to extend the same GSA prices, terms and conditions to the campus while agreeing to any additional terms and conditions that may be imposed by the campus. When vendor’s employed in contracts where Federal grant funds are used, care must be taken to ensure vendors are not in a debarred status and that all applicable terms and conditions included in the contact.
2.18 State Department of General Services (DGS)

The Department of General Services (DGS) offers a variety of services that are available to all State agencies, including the CSU. Chaptered legislation specifies that: “If the California State University (CSU) determines that greater efficiency would be served by contracting with the Department of General Services (DGS) or another department or agency of the State for the performance of any service or function, the DGS or other department or agency shall contract with the CSU to perform the service or function.”

2.19 The Office of Small Business and Disabled Veteran Business Enterprise


State agencies, including CSUDH, are required to aid, counsel, assist, and protect, to the maximum extent possible, the interests of small business concerns in order to preserve free competitive enterprise and ensure that a fair proportion of the total purchases and contracts or subcontracts for goods and services for the State be placed with such enterprises. In certain circumstances, California State Certified Small Businesses must receive bidding preferences.

To provide small businesses an opportunity to request bid preferences, a Small Business Preference Form or equivalent advisory statement shall be included in all bid solicitations for the procurement of goods and for service agreements. Evidence of certification by the State Office of Small Business Bidder Declaration form and Disabled Veteran Business Enterprise Services (OSDS) – usually via a copy of the OSDS approval letter – is required from the bidder in order for a bid preference to be granted.

The definition of a Small Business is maintained by DGS. DGS is also responsible for registering and certifying Small Businesses.

In order to comply with the requirements of the Small Business Procurement and Contract Act, each campus (including CSUDH) must report to the OSDS annually on the number and dollar amount of contracts and purchase orders awarded to small businesses. A designated Campus Small Business Advocate is responsible for this function as well as the promotion of all Small Business outreach activities and the coordination and reporting of such activities performed on campus.

A Small Business Advocate has been established in Procurement and Contracts and serves as a single point of contact for small businesses and campus coordinators, as needed.
2.20 Small Business (SB) and Disabled Veteran Business Enterprises (DVBE) Activity Reporting

A DVBE goal of a minimum of 3% of total expenditures on goods and services has been established through legislation which provides the overall percentage of dollar amounts expended each year by CSUDH for contract awards, including purchase orders. All purchases over $50,000 not formally bid should have an alternative paragraph requesting the contractor’s voluntary participation in DVBE reporting.

CSUDH is responsible for reporting the total expenditures with DVBE prime and secondary vendors on an annual basis to DGS with a copy to the Office of the Chancellor.

Similarly, CSUDH is responsible for reporting the total expenditures with DGS Certified Small Businesses (either prime or secondary vendors) on an annual basis to DGS with a copy to the Office of the Chancellor.

2.21 Target Area Preference Act

Any California-based company submitting a bid or proposal to the State for goods to be produced or services performed at worksites in distressed (as defined in Gov. Code 4530) areas by persons with a high risk of unemployment are entitled to a 5% bid preference is applicable only to contracts awarded on the basis of lowest responsible bidder meeting specifications.

2.22 Vendor Data Record (Std. Form 204)

Data must be collected from each vendor or contractor (except for a State or other governmental entity) doing business with the State of California. The 204 Form or other means to gather the data is provided to the vendor or contractor during the contracting process. Without the data collected by this form, no payment may be made to the Vendor.

Provisions for certain credit card payments are discussed in the CSUDH procurement card handbook. This requirement relates to the taxed earnings reporting requirements (Form 1099) that must be filed by the university.

2.23 Non-Discrimination

All contracts of $5,000 or more must contain a clause stating that the contractor, by signing the contract, certifies under penalty of perjury that the non-discrimination requirements of
Government Code Section 12990 et seq. have been met, unless exempted under Title 2, Section 8115 of the California Code of Regulations. These are requirements that must be met by all vendors and contractors who wish to do business with the State. This required clause is included within the CSU General Provisions that must be incorporated into all formal Purchase Orders and contract awards of $100,000 for non-IT goods and services and $500,000 for IT goods and services or more. For awards of less than a special State Standard form (17A) is available. It contains the required non-discrimination language, references Gov. Code 12990, and can be used for this purpose.

Gov. Code 12990; ICSUAM 5220

2.24 National Labor Relations Board Compliance

All contracts of $5,000 or more must contain a clause stating that the contractor, by signing the contract, certifies under penalty of perjury that contractor has not violated the provisions of Public Contract Code section 10296 regarding the issuance of orders by the National Labor Relations Board (NLRB). This requirement applies to all State agencies, and includes the CSU. This required clause is included within the CSU General Provisions that are normally attached to all formal awards. For awards between $5,000 and the formal bid award thresholds, reference must be made to the requirements stated in PCC 10296.

PCC 10296; ICSUAM 5221

2.25 Audit of Contract Required Clause

A notification to the contractor is required on all contracts exceeding $10,000 that such contracts are subject to an audit of the Office of the CSU Auditor and the State Auditor for a period of three years after final payment has been made.

Gov. Code 8546.7; ICSUAM 5222

2.26 Drug-Free Workplace Certification

State contractors and recipients of State grants are required to maintain a “drug-free workplace.” CSU may suspend payments under a contract or grant or terminate the contract or grant, or both, if a contractor or grantee has failed to comply with the legal requirements contained in Government Code Sections 8355, 8356, and 8357.

Gov. Code 8355-8357; ICSUAM 5223

2.27 Community Rehabilitation Programs and Workshops

Any State agency, including CSUDH, may acquire commodities and services from a public or private non-profit California corporation operating a community rehabilitation program or workshop serving persons with disabilities (including blindness) without posting a public notice.
or soliciting competitive bids, provided that the acquisitions are documented to meet specified needs of the agency are obtained at a fair market price, and are made convenient to the agency to obtain.

_Welfare Code 19403, 19404; ICSUAM 5219_

2.28 Requisition Log (intentionally omitted)

2.29 Commodity Codes

The CSU has designed a special category of coding designation that pertains to every kind of acquisition, for products and services alike. The Procurement staff member assigned to process requisitions must ensure that an appropriate commodity code is placed in the designated data block of every requisition received, whether the requisition is processed electronically or in hard copy form.

2.30 Termination or Cancellation of Orders

The words “termination” and “cancellation” are often interchangeable in use both result in the closure of a purchase order, contract, or service order ahead of the time previously agree upon by the parties. Generally, purchase orders or service orders (unilaterally-signed agreements) are “cancelled”, whereas contracts (bilaterally-signed agreements) are terminated.

Upon receipt of a requisition for cancellation, a Procurement and Contracts staff member must make contact back with the requester to advise whether or not the request can be cancelled (if the contract or order has already been issued to a provider, it may not be recallable). If both the requester and the provider are willing to accept a no-cost cancellation, the cancellation may be processed. If there is a cost to cancel (e.g., a restocking fee, a return fee, etc.) the cost must be brought to the requester’s attention. If the cost is accepted, that cost must be covered either by a change order with a new requisition from the requester before a cancellation can be processed.

Many contracts have provisions that allow for termination for convenience by either or both parties to the contract. The provisions may call for termination with a specified number of days advance notice or may allow a party to terminate the contract when or if a certain even occurs. In most cases a notice of intent to terminate should initiated, with the actual notice of termination following.

When a contractor fails to deliver supplies or provide services or otherwise substantially fails to perform the terms and conditions of the contract (this is termed a “default”), CSUDH may terminate the contract for cause in accordance with the termination clause (generally included in the CSU General Provisions) as stated in the contract. Instead of an outright default, however, the contractor may commit an _anticipatory_ breach of the contract that justifies a termination, such as a notification to the campus that the goods or services cannot be delivered.
within the timeframe rather than the product specified, or that the cost will be more than that to which the two parties have agreed.

2.31 Split Funding of Orders

Multiple funding sources may be specified on a single requisition whenever appropriate. For example, the General Fund and a Trust Fund may both be used to support the purchase of a product in whatever proportion the person who has the authority to expend monies from the respective accounts within those Funds has determined. The split funding must be clearly identified within the cost or price data blocks of the requisition.

2.32 Low Value Purchase Methods

The development of methods for reducing the costs of executing low-value purchases through expedited order processing, the use of procurement credit cards, and/or the issuance of low-value purchase authorizations is a CSU policy that the CSUDH strongly supports. In order to reduce administrative lead-time and to expedite procurement of needed low-dollar items, the P-card Program and Direct Pay Form have been developed. Each have specific rules and parameters which must be adhered to.

2.33 Procurement Cards

Procurement cards may be issued to full or part time (.5 FTE or greater) employees of the CSUDH on an as-needed basis. Authorized Cardholders and their respective Approvers shall assume full and ultimate liability for employees’ use of the card and ensuring that all transactions are in compliance with the CSUDH procurement and procurement card policies.

ICSUAM 5205

2.34 Price Justification on Non-Formal Acquisitions

Competition is optional for transactions under $50,000 (for commodities and services) and under $500,000 for IT goods and services or whenever the CSUDH Procurement Office determines that the competition is necessary to develop a source, validate prices, or for other sound business reasons. Informal solicitations may be secured either orally or in writing. The number of providers from whom quotes or bids are solicited is the responsibility of the Procurement Officer and will generally depend upon the size, complexity or the purchase and market conditions.

“Reasonable price” is defined as a price that does not exceed that which would be paid in the conduct of a competitive business. It may be established by market quotes, price or cost analysis, or the experience and judgment of the Procurement Office. Such judgment considers total value to the campus. There is value to the campus in acquisitions that meet the campus
needs for quality, quantity, and delivery time, and those that further small business and other affirmative action goals. A reasonable price need not be the lowest price available, but is one that offers acceptable value to the campus.

_PCC 10301; ICSUAM 5401, 5301 and 5501_

2.35 Emergency Acquisitions

As defined in State statute, an “emergency” means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services. When such an emergency requires the immediate issuance of an order that would otherwise require a formal bid solicitation, an approval request must be included in the requester’s requisition and become a permanent part of the file. The request must describe what is being procured, why it is needed, and why formal bids could not be solicited. It must first be approved by a department head and then by the Director of Procurement and Contracts. Emergency acquisitions of $250,000 or more must receive the approval of the Vice President for Administration and Finance or delegate. Emergency acquisitions shall be reported to the CSU Office of the Chancellor upon request.

To avoid emergency acquisitions using public works contracts for remediation and restoration of facilities, and requirement to bid the restoration work, the CSU maintains Job Order Contracts specifically for these emergency situations. The Emergency Job Order Contracts for Northern and Southern campuses are available on the CSU Systemwide Contracts Web Site.

_PCC 1102, 10302; ICSUAM 5209_

2.36 Financed Acquisitions

Most CSU acquisitions that are selected for financing (periodic payments issued against the principal and interest) will qualify as “tax-exempt” under the provisions of federal and state law. Even though tax-exempt rates for the State and the CSU are invariably less than non-tax-exempt rates would be, any financing arrangements must be planned and negotiated with care, and include the involvement of the Financing and Treasury department at the CO. Tax exempt financing transactions may not be executed by the CSUDH without the such consultation with the Financing and Treasury department at the CO prior to the transaction. Generally, financing arrangements are not considered unless the acquisition has a cost of at least $100,000.

_Ed Code 89036; PCC 10320.5, 12113; ICSUAM 5214_

2.37 Appropriation of State Property or Services

The use of CSU facilities, contracts or procedures to obtain property or services for personal use, or misrepresentation to vendors or contractors that personal acquisitions are for the CSU when they are not, can result in prosecution for misrepresentation, embezzlement, and theft.
2.38 Conflict of Interest

It is unlawful for any person to utilize any information, not a matter of public record, that is received by that person by reason of his or her employment by, or contractual relationship with, the Trustees, the California State University, for personal pecuniary gain, not contemplated by the terms of the employment or contract, regardless of whether the person is or is not so employed or under contract at the time the gain is realized.

2.39 Commercial Endorsement of Products or Services

No person shall, without the permission of the Trustees, use the name “California State University” or any campus or any abbreviation of any of them or any name of which these words are a part, for endorsements of any commercial product or service through the use of advertisements or promotions.

2.40 Splitting of Orders or Contracts

No person shall willfully split a single transaction into a series of transactions for the purposes or evading bidding requirements as is prescribed in law, regulations, or CSU or Campus policy. This policy also applies to the use of Procurement Cards and the Direct Pay Form.

2.41 Advance Payments

Payment in arrears is the prescribed method of remitting payments for State acquisitions. Documentation is required to be recorded by the disbursing officer that appropriate return and/or in-kind value has been received before a disbursement of funds is made. Advance payments on some types of transactions are permitted, however, where it can be determined that there is no other way to obtain the service or commodity, where the advance payment is determined to be in the State’s best interests, or wherever specifically authorized in law.

2.42 Bid Security Deposits

A bid bond that is executed by a State-registered bonding agent on behalf of its client (as a competitive bidder) for a State contract or purchase order is often made a requirement as a
condition for accepting a formal bid. However, in lieu of this requirement, the campus may elect to accept a certified cashier’s check payable to the CSU, or cash, along with the submitted bid.

2.43 Protests, Disputes, and Complaints

All formal bids shall contain a clause instructing bidders how to lodge a formal protest to the bid award.

Any protest, dispute, or complaint lodged by a bidder, vendor, or contractor shall initially be addressed by the staff member in the Procurement and Contracts who was assigned to the transaction. Often, an issue may be resolved simply by providing a clarification of the bid document. However, once it becomes evident that a matter cannot be resolved informally by this means, it must be elevated to the next level. At that point, the Procurement Officer (or a delegated representative) formally acknowledges the issue by serving written notification to the bidder, vendor, or contractor that a full and complete formal statement detailing the nature of the problem must be received by the campus within five (5) business days after the notification is issued. Failure to file the formal statement within ten (10) calendar days from the notice shall be interpreted to mean that the matter has been withdrawn.

Once the formal statement is received, the matter shall be referred to the Director of Procurement and Contracts for resolution and a final decision shall be made in a timely manner. The decision shall be in writing and shall be mailed or otherwise furnished to the protesting bidder in such a manner as to ensure receipt. The decision of the Campus is final.

If prior to the award of a contract, and in accordance with the posting of a “Notice to Award”, any bidder files a protest on the grounds that the award is not in conformance with the provisions of the solicitation document, the contract shall not be awarded until either the protest has been withdrawn or a decision has been reached by the appropriate campus authorities as to the action to be taken in response to the protest.

2.44 Public Records Requests

The campus will occasionally receive requests to review a bid, contract, purchase order, or other public document. Generally, any record that is subject to review for the public is also subject to be copied according to The Public Records Act. A request may be formal or informal and is to be accommodated in the most reasonable manner, including in advance an agreed reimbursement of costs to the campus (if applicable) and a mutually acceptable timeframe in which the review or copy work is to be performed. Any formal request must be coordinated through CSUDH designated public records request officer and be handled in accordance with the provisions within the Public Records Act.
The right of public review of records does not include any right to disrupt operations. Thus, while bids are generally not available for full review at the time of bid opening, they could be made available at a subsequent time. Likewise, work-in-progress, such as an evaluation committee’s unfinished bid analysis effort, and bidder employee information or financial records are not subject to a public request for review. However, any of these are subject to subpoena by a court.

True proprietary information submitted by a bidder may be protected from public review, but the mere fact that the information is marked by the bidder as proprietary does not necessarily make the information proprietary and protected by the Public Records Act. If material marked as proprietary is requested to be reviewed, the entity or individual claiming it to be proprietary shall be contacted and given the opportunity to demonstrate that it is proprietary. In contested cases, the Procurement and Contracts Director shall be advised and an opinion of the CSU General Counsel’s Office may also be requested.

Procurement records being reviewed are to remain under the control of and in the presence of Procurement and Contracts personnel.

### 3.0 Requirements Specific to Commodity Transactions

#### 3.01 Informal Bidding for Orders Less Than $50,000

Competition is not required for commodities on acquisitions of an amount less than $50,000 unless Procurement and Contracts determines that competition is necessary to develop sources, validate prices, or for other sound business reasons. Whenever possible, efforts shall be made to secure quotations and develop sources from small businesses and disabled veteran business enterprises.

*PCC 10301; ICSUAM 5301*

#### 3.02 Formal bidding for Orders of $50,000 or more

Except in cases where it has been determined that there is but one source which can properly meet the needs of the campus, all purchases of $50,000 or more (including sales tax and shipping costs) must be formally bid and awarded to the lowest responsible bidder meeting specifications. Acquisitions that are estimated to be greater than $50,000 and less than $250,000 may be awarded to a certified Small Business or DVBE, as long as price quotations have been obtained from two or more Small Business or two or more DVBEs.

*PCC 1103, 10301; ICSUAM 5302*

#### 3.03 Posting of Formal Solicitations
Public notice of formal solicitations over $50,000 is made via the CaleProcure or Planet Bids websites.

**PCC 10302, ICSUAM 5302**

### 3.04 Hazardous Materials

Purchases of hazardous materials are restricted by the campus to those offices and individuals only that are specifically authorized to do so. The Hazardous Substances Information and Training Act in the California Labor Code specifies that purchase orders for chemicals, solvents, or other products that may contain any kind of hazardous material include a vendor requirement to furnish a Material Safety Data Sheet for the commodity being purchased. CSUDH Risk management policy and responsibilities are contained in the CSUDH “Risk Management Policy”.

**Labor Code 6360.6399.7; ICSUAM 5303**

### 3.05 Library Materials and Information

Educational materials and information access resources related to library services may be purchased without advertising for, (or soliciting) bids. Such materials and resources include books, periodicals, computerized information for library use, educational films, audiovisual materials, test materials, workbooks and instructional computer software. Requesters are encouraged to solicit competitive bids on such materials and resources whenever practical so that opportunities are realized to optimize potential cost savings and benefits to the CO.

**ICSUAM 5303; PCC 6108; ICSUAM 5303**

### 3.06 Recycled Paper

CSUDH supports the intent of the State legislature to specifically give preference, wherever feasible, to the purchase of paper products containing recycled paper. Preference shall be given to recycled paper products when such products can be substituted for, and cost no more than, non-recycled paper products and when the recycled paper products meet all applicable State standards and regulations. To encourage the use of post-consumer material in recycled products, CSUDH specifications require recycled paper product contracts to be awarded to the bidder whose paper product contains the greater percentage of post-consumer material if the fitness and quality and price meet the State’s requirements.

**PCC 10855-10860, 12160-12160-12164.5; ICSUAM 5303**
4. Requirements Specific to Contracts and Service Orders

In addition to the special requirements contained in this Section 4, requirements in Section 2 also apply to the procurement of contractual services and service orders.

*Ed Code 89036, 89038, 89048(d), ICSUAM 5400*

4.01 Informal Bidding for Services

Competition is not required for services on transactions of an amount less than $50,000 unless the Procurement and Contracts determines that competition is necessary to develop sources, validate prices, or for other sound business reasons. All transactions made under the CSU procurement authority shall, however, be designed to encourage active competition among all those seeking to become providers of services to the campus. Efforts shall also be made to secure quotations and develop sources from Small Businesses and Disabled Veteran Business Enterprises.

*ICSUAM 5401*

4.02 Formal Bid Requirement Threshold of $50,000 and above

Except in cases where it has been determined that there is but one source that can properly meet the needs of the campus, a contract for $50,000 or more must be formally bid and awarded to the competitive bidder who offers the best value to the university. Bids for services in excess of $50,000 are also advertised in the California State Contracts Register.

*ICSUAM 5401; ICSUAM 5402*

4.03 Service Orders

The Service Order may be used to obtain various kinds of services on an informal basis whenever it is determined by Procurement and Contracts that there is no need to require both parties to sign a formal agreement (e.g., where minimal legal liabilities exist), or where timing or circumstances make it impractical to employ a formal agreement (such as emergency repair needs).

*ICSUAM 5406*

4.04 Interagency Agreements

An Interagency Agreement is a negotiated contract between two State agencies (or an agency and the CSU) for the purpose of conveying one party’s services to the other party for a price, for exchanged services, or for some other form of authorized consideration. Generally, it may contain specific terms and conditions to which each agency has agreed, but is left devoid of
indemnification clauses, hold harmless statements, and other legal protective devises routinely employed by the State in contracts with non-State entities. All Interagency Agreements exceeding $10,000 must contain a provision that the contracting parties shall be subject to the examination and audit of the State Auditor for a period of three years after final payment under the contract. The examination and audit shall be confined to those matters connected with the performance of the contract (Gov. Code Sec. 85467).

Gov. Code 11256-11263, 8546.7; ICSUAM 5407

4.05 Contracts with Auxiliary Organizations

The CSUDH may enter into non-competitive contracts with auxiliary organizations via the use of Standard Agreements, Service Orders, or other standard CSU transaction instruments as appropriate. However, it is incumbent upon requesters for these services to be satisfied that the cost is competitive with that found in the open market for similar services.

Contracts between State agencies (including CSU campuses) and campus auxiliary organizations are exempt from the State’s general requirement of competitive bidding prior to making award, as per PCC 10340(b)(3). The purpose of this exemption is to accommodate contracts that provide services related to research, workshops, institutes, and other educationally-related studies or projects and are generally available only from institutions of higher education or their research faculty and staff.

4.06 Memorandum of Understanding

From time to time the CSUDH may wish to enter into formal relationships with other institutions and organizations. Each such relationship may be governed by a “Memorandum of Understanding”, “Agreement” or other such named document.

Memorandums of Understanding that bind CSUDH (the State) to any activity that involves committing the resources or behavior of CSUDH is a Contract and is governed by this Manual and specifically the delegation of authority to execute such agreements on behalf of CSUDH.

Memorandums of Understanding must be consistent with the stated Mission, Vision, and Core Values of the University. They must detail the fiscal impact to the department, division and university, and furthermore detail the use of university resources. The concept must detail Faculty member(s) or staff who will be responsible for the educational outcome.

Once approved by the Provost or Divisional Vice President, the Memorandum of Understanding Memoranda of Understanding be further approved by the Vice President for Administration and Finance (or designee). If so approved, the final Memorandum of Understanding shall be created by Procurement and Contracts where other governing or contractual language may be added as needed.

Final execution by Procurement and Contracts and the other party will be facilitated by
Procurement and Contracts. If, however, the University is signing an agreement that relates to a particular Faculty member or department, that Faculty member or department Director can be specifically delegated as, for instance, CSUDH acting through that Faculty member or department.

Since Memorandums of Understanding may include items of risk to CSUDH, or items related to the use of CSUDH resources, unless otherwise specifically delegated, all Memorandums of Understanding must be reviewed and approved by the executed by Procurement and Contracts.

### 4.07 Delegation of Authority

Procurement and Contracts maintains a list of “Authorized Signatures for Contractual Documents and further delegations of authority within CSUDH.” To ensure that signatures on contracts, Purchase Orders, or other documents are appropriately signed Procurement and Contracts may conduct audits as necessary of those department where delegation of authority has been given.

### 4.08 Amendments to Contracts

Contracts (or Service Agreements) awarded on the basis of competitive bidding may not be modified unless (a) the contract, or the law governing the bidding, includes a provision for amending or modifying it, or (b) unforeseen additional work becomes necessary.

**ICSUAM 5405**

### 4.10 California State Contracts Register

The California State Contracts Register (CSCR) is a Department of General Services internet publication that advertises for bids on service agreements by category for State agencies and the CSU.

The CSUDH Policy is to advertise in the CSCR any bids for services with a dollar value of $50,000 or more and for any bids for commodities in excess of $50,000. There are specific instances where advertising in the CSCR may be exempted:

- Emergency contracts necessary for the immediate preservation of life or State property;
- Contracts for the work or services of a State, local, or federal agency;
- Services for which the State has entered into a master service contract;
- Refuse and/or sewage disposal contracts where there is no competition because the contractor is an authorized franchise dealer that provides services to a specific geographical area;
- Contracts for medical care services with physicians, local community hospitals, and medical groups (this does not include offsite laboratory services);
Subvention contracts (non-discretionary grants) with a private or nonprofit entity for the purpose of providing services to the public or segments thereof;

Maintenance agreements for equipment that is under warranty or while the guaranteed useful life period is in effect, or agreements where the campus has determined that a local distributor or branch is the only source for parts and service;

Proprietary software contracts;

Leases or rental for use as examination sites;

Entertainment contracts for State-sponsored fairs and expositions;

Contracts for which only per diem and travel expenses are paid and there is no payment for service rendered;

Contracts solely for the purpose of obtaining expert witnesses for litigation;

Contracts for legal defense, legal advice, or legal service;

Contracts with business entities operating handicapped workshops that meet the criteria established by Section 19404 of the Welfare and Institutions Code;

Contracts for architectural or engineering services;

Contracts not subject to competition requirements;

Contracts that have been exempted from CSCR advertisement by DGS;

Contracts subject to ICSUAM 5501 Solicitation Thresholds for IT Goods and Services Sections 100, 200 and 300;

All other contracts for services with a cost of $50,000 or more or commodities in excess of $50,000 must be advertised unless a “Request for Exemption from CSCR Advertising” has been approved by the Procurement and Contracts Director. The criteria for a waiver of a CSCR advertisement is contingent upon factors such as the complexity of the service, the unique experience required, whether the procurement has been approved as a “sole source”, whether the required timeframe for delivery of the service precludes the possibility of advertising, and generally whether the best interests of the campus would be served. All approved waivers shall be filed with the contract.

Gov. Code 14825; ICSUAM 5403, 5245

4.11 Independent Contractors

Departments often engage the services of individuals who are not CSU employees of the CSUDH. These include:

- Independent contractors
- Consultants
- Speakers
- Panelists
- Guest lecturers
- Entertainers
- and others.
Generally, these individuals must be correctly classified as an independent contractor, complete necessary paperwork, in order for them to obtain payment from the University.

4.11.1 Determination of Independent Contractor Status

The requestor must first have determined the Independent Contractor (I.C.) in question is not an CSU employee. If he/she is an employee, the requestor shall work with CSUDH Human Resources to determine how the individual can be hired as a Special Consultant.

If it has been determined that the individual is not an CSU employee, the requestor may proceed by completing the Independent Contractor Checklist and submitting to Procurement and Contracts for review and approval. CSUDH defines an I.C. as all individuals other than students.

As an additional reference, the Internal Revenue Service offers a 20 point checklist for independent contractor.

This policy and the reference documents set out the criteria that define independent contractors and the required procedures to correctly classify, contract and pay them.

4.11.2 Independent Contractor Agreements

a) Independent contracts that earn less than $600 year and do not provide a service that is considered “risky” to CSUDH; do not require a contract, insurance or a requisition. After completing the normal CSUDH Tax and Vendor Information forms and submitting an accurate invoice, the independent contractor can be paid by direct pay to CSUDH Accounts Payable. No insurance is required, because CSUDH shall provide coverage.

b) Independent contractors that earn in excess of $600 shall most likely receive a service order and comply with its terms, including insurance requirements if applicable. After completing the CSUDH Vendor Data Record Form and upon receipt of an authorized service order, the I.C. can begin work. Upon completion of work in a manner satisfactory to CSUDH and upon submittal of an accurate invoice, the independent contractor can be paid within 30 business days.

Independent contractors are subject to the same policies and procedures as service agreements in general, including the bidding limits for services. Additional special processing requirements to be performed whenever a campus contracts with an independent contractor serving as a consultant include:

4.11.2 Guest Speakers
Guest speakers are providing a service and are considered independent contractors. The procedure for engaging a guest speaker (an independent contractor) is provided above.

4.11.3 Honorarium
An honorarium is a payment made in appreciation for a professional favor provided to the University by an individual who cannot charge for his/her special professional services. In most situations, honoraria are offered to state employees, employees of the California State University, employees of the University of California, employees of other public educational institutions and other governmental employees. The amount of an honorarium is always defined by the CSUDH and the Honoraria may be paid via Direct Pay Form. Honorarium payments are taxable as income.

4.11.4 Expert Witnesses

When a consultant is retained as an expert witness in pending litigation, the rate paid must be consistent with the complexity and difficulty of the testimony to be given, the current rate for similarly qualified consultants, and the qualifications and reputation of the particular consultant. The contract must specify exactly what the consultant is to do submit to depositions, testify in court, make other appearances, etc. All normal CSUDH Tax and Vendor Information forms must be completed.

4.11.5 Conflict of Interest

If a consultant provides services for the preparation or development of recommendations for any actions required, suggested or otherwise deemed appropriate and which include the provision, acquisition or delivery of products or service; then the consultant must provide full disclosure of any financial interest including but not limited to service agreements, memos of understanding, and/or re-marketing agreements that may foreseeably allow the consultant to materially benefit from the adoption of the recommendations.

4.11.6 Consultants:
Consulting services may be contracted via service order, Standard Agreement or other CSU documents. Consultant contracts shall not be issued to University employees. A CSUDH project manager or responsible person be identified for each consulting contract. The project manager serves as the campus’s primary point of contact with the consultant and shall approve all payments to the consultant.

4.11.2 Testifying

When a consultant is retained as an expert witness in pending litigation, the rate paid must be consistent with the complexity and difficulty of the testimony to be given, the current rate for similarly qualified consultants, and the qualifications and reputation of the particular consultant. The contract must specify exactly what the consultant is to do submit to depositions, testify in court, make other appearances, etc.

Ed Code 89036; Gov. Code 81000 et seq., 82019; ICSUAM 5412

4.12 Liability Insurance Requirements
Evidence of general liability insurance coverage is required for contracts.

No project work or event activity may commence until the required insurance documents are on file, and it is critical that insurance be in effect for the entire contract term. If the insurance coverage expires during the contract term, new certificates must be obtained prior to the contract expiration date. Exceptions to this requirement must be received in writing from Director of Risk Management or delegate.

ICSUAM 5412, Technical letter RM 2012-01

4.13 Contracts Involving Hazardous Materials

Contracts involving the handling removal, or disposal of hazardous materials shall be developed in accordance with the CSU’s model contract for hazardous material removal, and comply with all State and Federal requirements.

4.14 Contracts Involving Electric Charging Systems

Contracts involving any electric vehicle charging system or contract/agreement related to electric vehicle charging systems, requires prior approval from the Vice President of Administration and Finance. Approval must be in writing via office memo or e-mail.

4.15 Requisitions for Guest Artists, Lecturers and Speakers

A requisition for a guest artist performance or lecturer’s appearance may be processed as usual by converting it into a service order. In addition to ICSUAM 5206, CSUDH has determined that a sole source justification is not required due to the unique nature of the service. Generally, the guest or guest’s agent will provide a “contract” for signing. The “contract” must be reviewed, approved, and countersigned by Procurement and Contracts prior to returning it with the service order. Direct Payments may be issued to multiple guest artists or lecturers when circumstances warrant it, in which case requisitions need not be prepared at all.

4.16 Contract Award Report (State Form 16)

State agencies (and the CSU) are required to give written notice at least quarterly to the Department of Fair Employment and Housing (DFEH), Office of Compliance Programs, of all contract awards (but not purchase orders) having a cost of $5,000 or more. For each contract awarded, the notice shall list the name, address, and telephone number of the contractor; the federal employee identification number; the State contract identification number; the date of contract award; the contract amount, the project location; the name of the agent who signed the contract, the name of the contract-awarding agency (or campus); and the name of the officer signing on behalf of the agency (or campus). State Form 16 is normally used for the report when awards are reported individually to DFEH.
4.17  Americans with Disabilities Act (ADA)

All contracts must contain a condition stating that the Contractor, by signing the contract, assures the University that it complies with Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

42 U.S.C. 12101 et seq.; ICSUAM 5228

4.18  Child Support Compliance Act

It is the policy of the State of California that anyone who enters into a contract with a State agency shall recognize the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code. Any contract of $100,000 or more must include the CSU General Provision that references the Child Support Compliance Act.

PCC 7110, ICSUAM 5229

4.19  Leases of Real Property

The Trustees of the CSU are authorized, under statutes within the Education Code, to enter into real property lease agreements having provisions that are consistent with the mission of the University as described in the State legislature’s Master Plan for Higher Education (Ed Code 66000 et seq. the Donahoe Act, and especially Sec. 66606).

Authority has been delegated to the Procurement and Contracts to execute CSUDH leases of real property as lessee, with the following exceptions: (1) leases that support the issuance of bonds or of other promissory notes or that transfer interest via an installment sale or other form of security; (2) leases with a term of twenty years or more, or with options resulting in a potential term of twenty years or more; (3) leases that require $1 million or more as an annual payment; and (4) leases that permit any CSU real property to be used in the development of a project or enterprise.

CSUDH leases in excess of the above must be approved by the Associate Vice Chancellor, Financial Services at the Office of the Chancellor.

EO 747, ICSUAM 5102, 5245

4.20  Evaluation of Contractor Performance
The Contract/Contractor Evaluation (State Form 4) may be prepared on any contract (excluding interagency agreements or contracts with other governmental entities). If an evaluation report is prepared, the person completing it should be a CSUDH employee with direct knowledge of the contractor’s performance. Copies of the evaluation report are to be filed in the Procurement Office project file and in a special “Contractor Evaluation File”. This report shall be retained for a period of up to thirty-six months after the work has been completed for purposes of future reference and audits.

When performance deficiencies occur during the term of the contract, the contractor must be notified of the deficiencies in writing and be afforded an opportunity to correct them within a prescribed (yet reasonable) timeframe.

Contractors (including consultants) whose performances have been determined to be unsatisfactory, as recorded by written documentation, may be temporarily suspended from bidding on further contracts for a period of at least three (3) months, but not more than one year. The contractor shall be relieved of the suspension at any time after the three-month period, upon demonstrating to the CSUDH satisfaction that the deficiencies that resulted in the suspension have been corrected. Evaluations shall not be open to public inspection. In extreme cases of poor performance by a contractor, the State Department of General Services Legal Services Division may be contacted as a first step toward temporary debarment proceedings.

PCC 6109, 10303, 10367, 10369, 10370, 12102(j); ICSUAM 5213

5. Requirements Specific to Information Technology Transactions

In addition to the special requirements contained in this Section 5, requirements in Section 2 also apply to the procurement of information Technology Resources (IT).

Public Contract Code (PCC) Section 12100.5 requires the Trustees of the CSU to develop and maintain policies that further the legislative policies for IT procurement as expressed in Sections 12100 et seq. of the PCC. PCC Sections 10295 and 12120 provide that the CSU has an independent procurement authority separate from the State Departments of General Services and Finance. PCC Section 12102(b) and (c) require that contract awards for all large-scale systems integration projects be based on the proposal that provides the most value-efficient (best-value) solution to the awarding agency’s requirements. However, hardware purchased independent of a large-scale system integration project may be made on the basis of lowest cost meeting all other specifications. When an acquisition is based upon cost alone, an award shall be made to the lowest responsible and responsive bidder meeting the specifications.

PCC 12100 et seq.; Ed Code 89036; ICSUAM. 5000
5.01 Scope of Transactions

The scope of IT acquisition policy encompasses the following broad types of CSUDH and CSU acquisitions:

- Competition is not required on IT goods and services transactions of an amount less than $50,000 unless Procurement and Contracts determines that competition is necessary to develop sources, validate prices, or for other sound business reasons intended to establish fair and reasonable standards. Acquisition of IT-related hardware and other capitalized tangible property items may be accomplished by means of awarded purchase orders, master purchase agreements, lease/purchase agreements, or rental agreements.
- Acquisition of large-scale systems integration items (e.g., mainframe computers, network, voice, video, and telecommunications infrastructure installations) may employ the use of a standard agreement, rather than a purchase order, to accommodate specific and unique terms and conditions.
- Acquisition of IT Goods or Services, including Consulting, Equal to or Greater than $50,000 may be the result of an informal non-advertised solicitation process.
- Acquisitions of IT goods or services greater than $500,000 shall be awarded as the result of a formal solicitation process.

5.02 Acquisition of IT Goods

IT goods are normally non-capitalized items. They are expendable supplies and low-value assets that can be readily replaced. These items are usually obtained through the issuance of a purchase order or by direct charge, rather than by the issuance of a contract. The acquisition of IT goods is subject to the standard CSU procurement policies.

5.03 Acquisition of IT Services

Vendor or contractor services for IT-related functions normally require the issuance of standard agreements or service orders. They include such things as installation of hardware or software products, modifications or upgrades, equipment maintenance, repairs, network and database subscriptions, and consultant services.

ICSUAM 5501, 5504

5.04 Competitive Bidding

It is the policy of CSUDH that all transactions made under the CSU procurement authority be designed to encourage active competition among those who wish to become the suppliers of goods and services to CSUDH.

There is no single competitive procurement methodology universally suited to all kinds of IT acquisitions. CSUDH recognizes that the same competitive processes used for obtaining non-IT...
goods and services such as the Invitation for Bid and the Request for Proposal may be effective for IT acquisitions as well. There are, however, other approaches such as the Best Value or Multi-Step techniques that could be ideally suited for a particular IT acquisition. It is the responsibility of the Purchasing Office to recommend the method best suited to a particular acquisition, with special attention being given to the “Best Value” approach.

PCC 12102, 12120, ICSUAM 5505

5.05 Best Value (Value-Effective) Acquisitions

The “Best Value” technique for IT acquisitions of goods and services shall be used to the maximum extent practical. Any acquisition that employs Best Value selection criteria shall result in an intent to award to the respondent achieving the highest score in a weighted evaluation process. There is no specific formula or regimen prescribed for examining the criteria in a Best Value award, but it is important that the award be consistent with the terms of the solicitation and that any price premium is justified by specific technical or value-added enhancements.

Solicitations for Best Value acquisitions may provide that the price quote be submitted under separate cover for evaluation purposes whenever this approach is preferred. Although the price quote and costs (including a “life-cycle cost”) must be included as criteria for making the contract award, other criteria shall also play a role. Such criteria may include, but are not limited to:

- Operational cost.
- Quality or technical competency of the bidder’s product or service.
- Delivery and implementation timetables including incentives for early delivery.
- Warranties, guarantees, and return policies.
- Costs associated with financing provisions or alternatives.
- Vendor’s financial stability.
- Consistency of proposed product or service with the planned application.
- Vendor’s industry or program experience.
- Vendor’s past performances record with similar installations.
- Risk assessment.
- Value-added services or options.
- Innovative use of current technologies—and quality results.
- Proven methodologies and tools used for servicing the product or program.
- The degree of facilitation for exchanging data and interfacing with other existing systems.

PCC 12102(b), 12100.7; ICSUAM 5505

5.06 Best Financing Alternatives
For all solicitations formally advertised, evaluation of bidder proposals for the purpose of determining a contract award for IT goods or services shall provide for consideration of a bidder’s best financing alternatives, including lease or purchase alternatives, if any bidder so requests. This information must be made available to CSUDH at least 30 days prior to the date of the deadline for final bid submittals.

PCC 12113;

5.07 Multiple Awards

Contract awards may be initiated with more than one vendor or contractor for comparable products of services. Multiple awards may be used in instances where awarding to a single provider would be impractical or fail to satisfy the overall requirements of all potential users.

PCC 12101.5(b);

5.08 Sole Source Approvals on IT Acquisitions

In addition to the usual approvals required on formal sole source awards of purchase orders and contracts, there may be one additional approval required for a sole source acquisition of IT equipment, materials, or service. IT sole source requisitions of $500,000 or more that are not intended to be processed under a CSU Systemwide agreement must be approved as provided in the sole source section of this manual.

5.09 Disposal of Equipment

IT equipment and materials that have been determined to be surplus to the needs of CSUDH shall be disposed of in a manner that will best serve the interests of the campus or of the CSU as a whole. Methods used for the disposal of surplus goods may include auction or competitive bidding, open advertising at a fair market price, and transfer or sale of the goods to other governmental entities, including other CSU campuses or disposal through an approved hazardous materials disposed company.

PCC 12102(I); ICSUAM 5507

5.10 Information Technology Project and Procurement Plan

Transactions for the Procurement of IT Goods and Services for a project in excess of $500,000 require that a “Feasibility Study Report,” “Solicitation Plan,” and “Post Implementation Review” be completed. Recent examples for feasibility studies can be found through the Chancellor’s Office CIO.
6. Contract Administration

6.01 Contract administration

Contract Administration is the management of all facets of a contract to ensure that all parties’ performance is in accordance with the specifications/scope of work, terms and conditions of the contractual agreement including receiving, inspection, and authorization for payment. The integrity of the public purchasing process demands that goods or services be furnished, received, invoiced and paid as specified in the contract. Contract administration includes all actions taken by the University relative to a specific contract after the award is made. The Department of Procurement Services should assemble and maintain a master listing of all CSUDH term contracts to include the initial period and number of renewals.

After issuance of a formal contract award document, which generally results from an RFP or IFB, where deemed appropriate the Procurement and Contracts will designate a contract administrator(s) in writing. The contract administrator shall be responsible for ensuring that the goods or services are provided in accordance with the terms of the contract. All vendor noncompliance shall be reported and submitted to the contractor with a copy to Procurement and Contracts.

6.02 Authority and Responsibility for Contract Administration

It shall be the responsibility of Procurement and Contracts to interpret the content of contract administration section stated herein. Campus departments are responsible for all administrative duties associated with the management of contract(s) assigned. This includes due diligence in all aspects of contract management to include all reporting and financial responsibilities.

For additional assistance and guidance regarding Contract Administration, refer to the Contract Administration policy posted on the Procurement and Contracts.

6.01 Lease of University Personal Property

The CSU may execute leases for any of its property when the leases are consistent with its functions as prescribed under California law. These include but are not limited to leases to a nonprofit organization composed exclusively of students of the University or members of the faculty of the University, or both for purposes related to the activities of the university or for the activities of student or faculty organizations.

Ed Code 89046(a)

6.02 Services Provided by the University
The CSU shall not engage in the sale of services in competition with private enterprise, except when the rendering of services is related to its educational mission. Whenever services are sold by CSUDH, the full cost of providing them must recovered, including any direct, indirect (overhead), or marginal costs that might be applicable. The basis for setting values to the services shall be documented in a simple, equitable, and rational way, and be made available upon request.