PROCUREMENT AND CONTRACTS

PROCUREMENT AND CONTRACTS CAMPUS PURCHASING POLICY

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CSUDH
Introductions

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Who are we?

• State of California - Acting in a Higher Education Capacity
• Not a Nonprofit Organization
• Not a Tax-Exempt Entity
• We go by:
  ➢ State of California
  ➢ Trustees of the California State University
  ➢ The CSU
  ➢ California State University, Dominguez Hills (CSUDH)
Hierarchy of Governing Laws

- State Constitution
- California Statutes (*Chaptered Bills*)
- Board of Trustees Resolutions
- Chancellor’s Office:
  - Coded Memoranda
  - Executive Orders
  - CSU Contracts and Procurement Policy
  - [https://calstate.policystat.com/policy/7865355/latest/](https://calstate.policystat.com/policy/7865355/latest/)
Procurement and Contracts Responsibilities

- Procuring Goods and Services
- Executing and Negotiating Contracts
  - Goods/Services/Construction/Student Placement Agreements
- Administration of the P-card Program
- Informal/Formal Solicitation Process
  - Goods/Services/Construction
- Provide Procurement and Contracting Support to the Campus
- Compliance with State and CSU Policies
- Open Competition for State Dollars
- Fair, Ethical, and Professional Business Practices
Responsibilities of Financial Departments

**Budget**
- Budget Planning
- Revenue Management
- Budget Reports
- Annual Cost Allocations
- Budget Transfers

**Procurement & Contracts**
- Requisitions
- Purchase Orders
- Service Orders
- Contracts
- Agreements
- Construction
- Lease Equipment
- Lease/License Real Property
- Student Placement Agreement
- P-card Program Administration

**Accounts Payable**
- Invoices & Payment
- Travel
- Direct Pay Form
- Hospitality
- P-card Statements (Audit)

**Accounting**
- CFS Chartfield Setup
- Record Transactions
- Expenditure Transfers
- Tax Compliance
- Annual Reporting to Chancellor’s Office

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
CSU General Provisions (Terms and Conditions) & Insurance

- General Provisions for Acquisition of Goods
- General Provisions for Acquisition of Services
- General Provisions for Information Technology Acquisitions
- General Provisions for Maintenance Tasks (Facilities Maintenance)
- General Insurance Requirements

http://calstate.edu/csp/crl/gp/gp.shtml
All information and communication technology (ICT) such as hardware, software, and online solutions require three levels of approval:

**IT**
All Information Technology related purchases require approval, it.pmo@csudh.edu. IT approval ensures that IT has sufficient resources (if purchase requires it) available for your software implementation and provides IT an opportunity to confirm if the license being purchase is already available to staff/faculty and thus saving time and money.

**Accessibility**
Requires submittal of the latest version of the Voluntary Product Accessibility Template (VPAT). The VPAT is a document which evaluates how accessible a product is and identifies any potential deficiencies in accordance with Section 508 Standards, and other laws such as American with Disabilities Act (ADA).

**Security**
The Information Security office (ISO) will notify the requestor if SOC2 or Higher Education Community Vendor Assessment Toolkit (HECVAT) security documentation is required. All qualifying software, hardware, and online solutions purchases that will allow a vendor to access, store, transmit, or otherwise manage CSU Protected Data shall go through a security review and approval process.
Insurance Requirements & Importance

• All contractors, vendors or service providers coming on to University premises to do work or provide services are required to have insurance.

• Procurement and Contracts obtains necessary insurance prior to services/work commencing.
  ✓ General Liability
  ✓ Business Automobile Liability
  ✓ Worker’s Compensation
  ✓ Professional Liability (Errors and Omissions)
  ✓ Environmental Impairment (Pollution) Liability

• **Why is it important?** Insurance is necessary to cover any claims or losses for which the contractor/vendor may be responsible for.
Delegation of Procurement Authority

- State of California
- Board of Trustees (Appointed by the Governor)
- Chancellor (Appointed by the Trustees)
- Campus President (Appointed by the Trustees)
- VP Administration/Finance/CFO
- Procurement and Contracts
  - Low-Dollar Limited Delegation Programs (campus users)
Limited Delegation to Campus Users

- **P-card Program (P-card Limits)**
  [https://www.csudh.edu/procurement/procurement-contracts/procurement-card](https://www.csudh.edu/procurement/procurement-contracts/procurement-card)

- **Direct Pay Form (Authorized Categories and Limits)**
Purchasing Mechanisms

Requisition

Pcard

Direct Pay Form

Unauthorized Purchase
Procurement Process Overview - Goods

https://www.csudh.edu/procurement/procurement-contracts/purchasing-policy
Requisitions Submittal Instructions

- **CFS requisition entry requires a Requestor and Approver**
  - To request access, complete the [IT Access Request Information Gathering Form IT- InfoSec and Compliance Form](#).

- **Information should be clear and accurate**
  - Requestors must ensure that descriptions clearly identify what the University is procuring.
  - Example of poor description: “Misc Services”
  - Example of clear and accurate description: “Campus wide Landscaping Services for Fiscal Year 19/20”

- **Requisitions MUST BE itemized**
  - If ordering 5 different items, Requestor MUST enter 5 separate lines. If our office received un-itemized requisitions, the buyer will bounce it back for re-entry.
  - Sales Tax will be entered by the Buyer on the PO (if applicable)
  - Shipping and Handling MUST be on a separate line (NEW REQUISITON COMMENTS)
  - Labor and Installation MUST be on a separate line

- **Quote/Proposal (less than 30 days old) should be attached**
  - If older than 30 days requestor must request an updated quote/proposal.
Requisitions Submittal Instructions

(Recording available on our [webpage](#))

Vendor Contact Name:
Phone and Email:
New Vendor? If Yes, did you request 204 Form?

Department Contact and Extension:
Delivery Location (Building/Room):
Term of service:
Freight/Shipping: $

Hospitality? If Yes, did you upload the approved Hospitality Form?

Approvals Reminders (Please Attach if applicable):
- IT Approval (Hardware, Software, and Online Solutions)
- Furniture (Drawing/layout, ADA compliance, Work Order)
- Independent Contractor Form
- Hospitality Form
Requisitions (After the Fact Submittal)

• AKA “Confirming Order”
• Occurs when a University Employee places an order directly with the vendor for goods and/or services without the issuance of an authorized Purchase Order by Procurement and Contracts. A requisition is entered into PeopleSoft After-the-Fact in an attempt to pay the vendor.
• It is an unauthorized commitment of University funds.
• Your requisition will be cancelled.
• Unauthorized Purchase Approval Request Form will be required (https://www.csudh.edu/procurement/procurement-contracts/purchasing-policy)
Why are After-the-Fact Purchases an Issue?

1. After-the-Fact purchases are a violation of State Law and CSU policy

The authority to purchase goods, services or to enter into contracts is delegated as follows:

- **State law** - (Education Code § 89036, Public Contract Code § 10430(a), 12100.5, and 12120)
- **Board of Trustees of the CSU** (Standing Orders of the Board of Trustees (S.O.), Chapter II)
- **Chancellor of the CSU** (ICSUAM 5101)
- **Presidents** (Executive Order 775 & ICSUAM 5102)
- **Vice President/CFO and Associate Vice President, Administration and Finance**
- **Procurement** (Ensures that all activity is consistent with ICSUAM policies)

Violations of these laws and policies can result in the individual being personally responsible for payment.
Why are After-the-Fact Purchases an Issue?

2. Audit finding
   • Delegation of Authority
   • Invoices that predate PO’s

4. Potential Liability
   • Insurance (Risk Assessment)
   • Unfavorable terms and conditions signed by University personnel
   • Protecting the University

5. Missed Opportunities
   • Potential Procurement Benefit (Cost Savings)
   • Favorable Terms

6. Affects Supplier Relationships
   • Late Payment = Bad Reputation
   • Undermines the strong working relationships the University strives to create and sustain with its supplier partners.
Requisition Processing Delays

• Insufficient Information
  • [Vendor Data Record Form](#) (if a new vendor)
  • [Independent Contractor Form](#) (if applicable)
  • [Hospitality Form](#) (if applicable)
  • Vendor Contact Information (Contact Name, Phone, Email)
  • Quote/Proposal (not attached)
  • Pricing Discrepancies
  • Vendor response delay

• Quotes Older Than 30 Days

• Insurance Requirements (majority of services)

• Terms and Conditions Negotiations

• Informal/ Formal Solicitation Process

• Department approvals from IT, ATI, Security, Risk Management, Furniture, Legal, etc.
Prohibited Practices

- After-the-Fact Purchases
- No employee shall place orders outside their limited delegation (P-card, Direct Pay).
- No employee may make or participate in decisions where there is a personal financial interest.
- Endorsements of products or services (Requires General Counsel approval)
- Restrictive specifications
- Splitting of orders to circumvent bidding policy
- Advance Payments* (allowed case by case)
Mandated Programs

• Certified Small Businesses (SB)
  – 5% of total annual spend
• Disabled Veteran Business Enterprise (DVBE)
  – 3% of total annual spend
• Sustainability
  • Recycled Consists of 11 Categories
  – Various post consumer content requirements
    (Paper, Plastic, Metal, Tires, Lubricating Oils, etc.)

ANNUAL REPORTING TO SACRAMENTO
DVBE GOAL – 18/19

Total Spend: $75,414,554

DVBE 3% Annual Goal Results

- Sacramento: 8.45
- Dominguez Hills: 7.65
- Chico: 7.04
- Humboldt: 6.98
- Los Angeles: 5.93
- Maritime Academy: 4.79
- Fresno: 4.77
- Monterey Bay: 4.75
Small Business Goal 18/19 (DH 11.6%)

SB 25% Annual Goal Results

- Sacramento: 33.74%
- Los Angeles: 25.13%
- Fresno: 28.01%
SB Fiscal Year 18/19 Reporting – GOAL NOT MET

SB % Achieved

- Maritime Academy: 16.01
- Bakersfield: 12.56
- Channel Islands: 15.5
- Chico: 11.56
- CO: 6.81
- Dominguez Hills: 12.56
- East Bay: 7.87
- Fullerton: 14.82
- Humboldt: 8.53
- Long Beach: 9.42
- Monterey Bay: 17.63
- Northridge: 7.22
- Pomona: 6.65
- San Bernardino: 8.53
- San Diego: 7.22
- San Francisco: 9.42
- San José: 12.09
- San Luis Obispo: 3.93
- San Marcos: 9.15
- Sonoma: 10.06
- Stanislaus: 13.42
What can you do to help?

• Communicate with Procurement *Early* before starting your project
• Allow realistic timeframes to conduct competitive solicitations
• Reduce Maverick Spend
• Visit Procurement webpage for latest policy updates
• Encourage your staff to attend the Procurement and Contracts Training
• Remind your staff not to sign *any* vendor documents
• Communicate with your direct reports to provide feedback on Procurement issues (If we don’t know, we can’t help)
Master Purchase Programs

- CSU Systemwide Agreements
- Access to UC Agreements
- State of California Master Agreements
- National Cooperative & Consortium Purchasing Agreements
- Department of General Services (DGS)
- General Services Administration (GSA) Agreements
General Bid Thresholds (NON-IT)

• Goods
  ➢ Under $50K – No Bid/Optional Bid
  ➢ $50K and above – Informal Bid
  ➢ $100K and above – Formal Bid (Advertisement)

• Services
  ➢ Under $50K – No Bid/Optional Bid
  ➢ $50K and above – Informal Bid
  ➢ $100K and above – Formal Bid (Advertisement)

• Small Business/Micro Business
  ➢ Under $250K – two bids from SBE/MBE
Information Technology (IT) Bid Thresholds

- $50K to $500K– Informal Bid (verbal, fax, or e-mail quotes) or if buyer determines price is fair and reasonable.

- $500K and above – Formal Bid (Advertisement)
  - A Solicitation Plan is required for all ITR projects that fall within the scope of CSU Executive Order 862 related to feasibility studies. Any requisitions for acquisitions that require a formal solicitation or that are considered high risk and/or critical to the success of the project must include an approved Solicitation Plan.

- All requests for IT goods and services are subject to the University Accessible Technology Initiative (ATI) Plan and Information Security Requirements:
  - [https://www.csudh.edu/access/ati/](https://www.csudh.edu/access/ati/)
  - [https://www.csudh.edu/it/security-compliance/compliance/information-communication-technology-procurement/](https://www.csudh.edu/it/security-compliance/compliance/information-communication-technology-procurement/)
Procurement Benefit 3-year Goal (CSUDH)

3-Year Goal

<table>
<thead>
<tr>
<th>Year 1 (FY 18/19)</th>
<th>Year 2 (FY 19/20)</th>
<th>Year 3 (FY 20/21)</th>
<th>Total</th>
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<tr>
<td>$275,000</td>
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<td>$275,000</td>
<td>$1,210,999</td>
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</table>

Benefit Achieved

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<tr>
<th>Year 1 (FY 18/19)</th>
<th>Year 2 (FY 19/20)</th>
<th>Year 3 (FY 20/21)</th>
<th>Total</th>
</tr>
</thead>
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<tr>
<td>$356,864</td>
<td>$356,864</td>
<td>$1,210,999</td>
<td>$1,210,999</td>
</tr>
</tbody>
</table>

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Important to Remember

- Contact vendors for quotes **but do not place order**. Advise vendors to wait for a Purchase Order.
- Never sign a vendor document – ever!
- PO problems should be discussed directly with the Buyer.
- Requesters must follow-up on outstanding open orders.
- Signed Invoices should be sent immediately to Accounts Payable.
COVID-19 Policies and Procedures

- STUDENT PLACEMENT AGREEMENT GUIDELINES DURING COVID-19
- VENDORS AND CONTRACTORS COVID-19 GUIDELINES
- REQUISITIONS
- HOME DELIVERIES
- STAPLES HOME DELIVERY PROCESS
- P-CARD RECONCILIATION

https://www.csudh.edu/procurement/
Important Webpages

- Procurement and Contracts: [https://www.csudh.edu/procurement/procurement-contracts/](https://www.csudh.edu/procurement/procurement-contracts/)
- Procurement Card: [https://www.csudh.edu/procurement/procurement-contracts/procurement-card](https://www.csudh.edu/procurement/procurement-contracts/procurement-card)
- Accounts Payable Forms
  - Direct Pay
  - Hospitality [https://www.csudh.edu/accounting-services/forms/](https://www.csudh.edu/accounting-services/forms/)
Questions?
Training Recording Dropbox Link

https://www.dropbox.com/s/hbm4in5ytm9pa5g/zoom_0.mp4?dl=0
Contact Information

Thank You!

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