Contents
INTRODUCTION............................................................................................................................... 3
NOTE REGARDING FEDERAL PROCUREMENT STANDARDS - Added 10/19/16 ......................... 4
NSHE PURCHASING POLICY........................................................................................................ 4
THE PURCHASING CYCLE............................................................................................................ 4
PURCHASING RESPONSIBILITY................................................................................................... 5
RESPONSIBILITY OF ALL NSHE EMPLOYEES........................................................................... 5
CONFLICT OF INTEREST................................................................................................................ 6
GIFTS / GRATUITIES.................................................................................................................... 7
PERSONAL PURCHASES................................................................................................................ 7
TAXES AND FEDERAL TAX IDENTIFICATION............................................................................ 7
INSURANCE .................................................................................................................................. 7
PURCHASING VIOLATIONS.......................................................................................................... 8
PROCUREMENT DOLLAR LIMITS ................................................................................................. 8
COMPETITIVE SOLICITATION (BIDS)........................................................................................ 9
CONSTRUCTION PROCUREMENT............................................................................................ 11
PROCUREMENT TRANSACTIONS............................................................................................... 11
OTHER TYPES OF TRANSACTIONS.............................................................................................. 15
INDEPENDENT CONTRACTORS............................................................................................... 15
REQUEST FOR PAYMENT or DPO.............................................................................................. 15
HOSTING ..................................................................................................................................... 16
DEPOSITS AND PRE-PAYMENTS .............................................................................................. 16
INTRODUCTION

Purchasing plays an important role in an organization, by facilitating the acquisition of goods and services in the most efficient and effective manner; while ensuring compliance with established policies and statutes.

The manner in which a department conveys a need to purchase is important to the process. The preferred method is one that allows Purchasing to have early involvement in the decision making, especially for major purchases. Resources and experience within the purchasing staff can bring value to the decision making and expedite a process, by providing information on existing sources of supply or the most expeditious and efficient methods available.

When Purchasing receives a requisition that includes quotes and the supplier selection has been made, the role that Purchasing plays is one of “leveraging” the acquisition to ensure the user needs are met and that the purchase meets with policy and legal requirements.

Business Center North Purchasing serves the procurement needs of the Desert Research Institute, Great Basin College, Truckee Meadows Community College, University of Nevada, Reno, Western Nevada College, System Administration and System Computing Services.

This manual is designed to provide guidance to faculty and staff on the procurement process from the point at which the user identifies a need for goods or services.

It also includes information on delegation of purchasing authority and provides a guideline to business processes in general that are related to procurement, including conflict of interest, the P Card program, and other related topics such as use of payment requests, competitive exceptions, independent consultants and professional services.

This manual may also serve as a reference for employees, supervisors and new newly hired employees. These policies and procedures are to be followed by any employees that have been given authority to purchase goods and services.

It is recognized that every situation cannot be covered in this manual; therefore, if you have special circumstances, contact the Purchasing Department. Individual Campuses may have additional guidelines or restrictions applicable to the processes described in this document.
NSHE PURCHASING POLICY

Note: In accord with 2 CFR 200.110(a), Business Center North Purchasing has chosen to use the procurement standards in previous OMB guidance. Added: October 19, 2016

As stated in the Board of Regents General Policy Statements Title 4, Chapter 10, Section 1 – Purchasing Policy:

“All Purchases of supplies, equipment, services and construction, except items related to capital construction, shall be handled administratively by the respective Business Center Purchasing Department after following established policies and procedures approved by the Board of Regents and in compliance with State and Federal Procurement regulations, the respective Business Center Administrative Manual and procedures established by the Chancellor.

Once established, construction and service contracts may be assigned to the Facilities & Construction Department. Except as may be otherwise provided in this policy, the purchase contract shall be awarded to the lowest responsive and responsible bidder. The lowest responsive and responsible bidder will be judged on the basis of price, quality, availability, conformance to specification, financial capability, service, and in the best interest of the NSHE, each of such factors being considered. Exceptions to this policy must be presented to the Board of Regents for approval.”

To review the entire policy document go to:


THE PURCHASING CYCLE

- Identification of a need for goods or services
- Availability of funding source- institutional, grant or other
- Sourcing of the goods or services – finding a supplier who can provide quality goods or services in a timely manner at the best price
- If goods or services meet the required bid threshold – a bid must be conducted
- A Requisition is issued for the purchase with all appropriate approvals
- All purchases must be made in compliance with NSHE policies, state and federal law
- Once all procurement process requirements are met a purchase order is issued to the vendor
- Goods or services are received at the satisfaction of the requesting department or program and vendor is paid
- Fixed Asset Procedures apply to goods valued at $5,000 and above, including guns and gifts, and other items deemed to be sensitive to theft.
PURCHASING RESPONSIBILITY

The Purchasing Department procures materials at the lowest cost consistent with quality and service required. It ensures compliance with established purchasing policies and procedures approved by the Board of Regents, regulations and procedures established by the Chancellor, State and Federal procurement regulations, and best business practices.

The Purchasing Department is responsible for monitoring decentralized purchasing operations to ensure compliance with applicable policies/regulations, including:

- Ensure availability of adequate sources of supply and seek new sources to increase availability and quality at advantageous prices.
- Research new products and procedures.
- Provide information, assistance and guidance on the description, suitability, cost, quality, standardization and or substitution of a product or service.
- Expedite the delivery of goods, follow up on delinquent shipments and take action on damaged or incorrect shipments.
- Perform any other responsibility in relation to acquiring materials and services.

RESPONSIBILITY OF ALL NSHE EMPLOYEES

All NSHE employees are required to be good stewards of their funds. It is their responsibility to ensure adequate funds are available prior to requesting the purchase of equipment, goods and services. They are also responsible to ensure that procedures and documents prescribed in this manual are followed for all purchases made by their employees.

All employees are expected to act in the best interest of the NSHE and demonstrate fiscal responsibility when conducting procurement related activities, ensuring compliance with established purchasing policies and procedures.

Contact the Purchasing Department to assist in any expediting requirements; inspect all deliveries immediately and work with Purchasing to resolve any damaged material claims and any incorrect shipment issues in a timely manner.

Procure goods and services at the lowest cost consistent with quality and service required when using the P Card.
Provide consideration to Disadvantaged Businesses Enterprises when seeking vendor sources for goods and services.

Consider using “Green” alternatives whenever possible.

The Director of Purchasing has overall responsibility for assuring that all departments of the BCN are complying with all requirements. Any authority or responsibility relating to purchasing which is not specifically designated in these or other instructions remains the responsibility of the Director of Purchasing.

In the event employees act outside their authority, the employee may be held personally liable for the costs of the transaction. Individuals placing orders without a purchase order may be personally responsible for the purchase.

Only authorized parties may enter into a contract with a vendor, please note that signature authority for contracting with outside vendors is different from that of the budget authority that approves requisitions.

The NSHE Procedures and Guidelines manual, Chapter 5 Fiscal Procedures, Section 3 – Preparation and Approval of Contracts, outlines signature authority for execution of all contracts. The Chancellor is the contracting officer for NSHE and Chapter 5 contains contracting authority and signature delegation details.

CONFLICT OF INTEREST

Conflict of Interest is covered in the Board of Regents Codification of Policy Statements Manual, Title 4, Chapter 10, Section 1 – Subsection 7 – Conflict of Interest.

In addition to such conflicts of interest prohibited by law, it shall also be prohibited for a member of the Board of Regents or an employee of NSHE:

- To become a contractor or a vendor for the purchase of supplies, equipment, services and construction under any contract or purchase order of any kind authorized by NSHE under the provisions of this or,

- To be interested, directly or indirectly, through any member of the Regent’s or employee’s household, as defined by NRS 281.434, or through any business entity in which the Regent or employee has a financial interest, in any kind of contract or purchase order so authorized by the receipt of any commission, profit, or compensation of any kind.

“Except where may be prohibited by law, exceptions to this policy may be permitted:
For contracts or purchase orders for which the proposed contractor or vendor is the sole source for the contract or purchase order and has not participated in or otherwise actively influenced the consideration or acceptance of offers for the contract or purchase order or when the public interest would best be served by making such an exception”. (B/R 6/91)

**GIFTS / GRATUITIES**

Purchasing staff and other NSHE employees cannot accept personal gifts or gratuities from any past, current, or potential vendors of goods or services to NSHE. The Anti-kickback Act of 1986 makes it illegal for any person to provide, attempt or offer to provide, solicit, accept, or attempt to accept any kickback in connection with any contract or subcontract with any department or agency of the federal government. “Kickback” includes any monetary fee, commission, credit, gift or anything of value which is provided, directly or indirectly, to the University or any of its departments, divisions, or employees in order to improperly obtain or reward favorable treatment in connection with any federal government contract.

**PERSONAL PURCHASES**

At no time are personal purchases to be made by any employees with NSHE funds. Purchasing will not process any requisitions for personal purchases. Personal purchases are not allowed with P Cards.

**TAXES AND FEDERAL TAX IDENTIFICATION**

The Nevada System of Higher Education Sales Tax Exempt Account Number is RCE-000-441. The NSHE Federal Tax ID No. is 88-6000024.

**INSURANCE**

All vendors who conduct business with Business Center North must comply with established insurance requirements, prior to delivering goods or services. These requirements are set by the BCN Office of Risk Management and are intended to protect the Nevada System of Higher Education. Vendors are required to submit current proof of insurance coverage for general liability, automobile and workers compensation in the required limits per NSHE policy and name NSHE as additional insured. This applies to all vendors who perform work at any BCN campus site. An insurance certificate is required and will be requested of the vendor if one is not on file in Purchasing or the coverage is not current. The lack of an insurance certificate will delay the issue of a purchase order.
For additional information please visit the BCN Risk Management web page at: [http://bcn-nshe.org/hr/riskmanagement/](http://bcn-nshe.org/hr/riskmanagement/)

**PURCHASING VIOLATIONS**

In instances when NSHE established policies and procedures are circumvented, a Purchasing violation memorandum is issued to the requestor and his/her supervisor.

The purchasing violation occurs when goods or services are acquired, without prior issue of a duly authorized purchase order. The responsible department supervisor is required to provide written justification for the purchasing violation, including an explanation of measures that will be taken to prevent future instances, and any additional back up documents explaining the lack of compliance with established policies and procedures. This process may delay payment to the vendor; therefore, requestors are encouraged to respond promptly and provide all the requested information.

Upon review of the justification and applicable back up information, purchasing may issue an “after the fact” purchase order for payment purposes.

*Questions should be directed to the Purchasing office to determine whether a purchase is permissible and what purchasing method is most appropriate, prior to incurring a purchasing violation.*

**PROCUREMENT DOLLAR LIMITS**

- **Small Dollar Purchases (valued at less than $5,000):** Purchases of supplies and services, up to $4,999, shall be made using the most effective and efficient means available, while maintaining adherence to basic purchasing policies. The preferred method of payment is to use the P Card. Please note that splitting purchases to accommodate the P Card limit is prohibited.

  **Services:** The card can be used for some services valued at $4,999 or less that do not require any written agreement to be signed. Any service requiring the signing of a contract or agreement by the BCN must be submitted to the Purchasing Department on a requisition for processing.

- **Purchases of $2,000 to $24,999:** Purchase orders for the acquisition of goods and services are issued by Purchasing following submittal of a properly approved and funded requisition. Purchases in this range must be documented with a quotation or price list from the recommended supplier.

- **Purchases of $25,000 to $49,999:** Purchases of goods and services require quotations from two or more responsible vendors before a purchase order is issued. Quotes may be faxed to Purchasing along with the purchase requisition.
• **Purchases in amounts that exceed $50,000**: Purchases of supplies, equipment, and services, other than capital construction, valued at $50,000 or more, will be awarded after Purchasing completes a formal bid process. Capital construction projects are bid at $100,000 and above.

**COMPETITIVE SOLICITATION (BIDS)**

In compliance with NSHE Board Policy, purchases of goods or services in the amount of $50,000 and above ($100,000 for capital construction) are handled through a formal competitive solicitation process. All activities related to this process are handled through the Purchasing Department.

The solicitation or bid process is initiated with the issue of a requisition by the campus/department. The requisition funds are pre-encumbered to ensure budget availability for the purchase.

The requirement for a requisition to pre-encumber may be waived upon issue of a memorandum from the appropriate VP of Finance, or authorized representative, approving the bid process.

The requesting department provides specifications, a suggested vendor list and evaluation criteria that will be applied to the vendor proposals that will result in the award of the best value product or service. In addition, the requestor will also identify staff members who are qualified to evaluate proposals on behalf of the requesting department. Once the assigned Buyer receives the specifications, he/she may suggest changes, mainly for purposes of clarity and items pertaining to the bid logistical process. Purchasing can provide assistance, if required.

A “bid packet” is put together and sent to the requestor for review, upon approval, the bid is advertised in a newspaper of general circulation and posted in the BCN webpage: [http://www.bcn-nshe.org/purchasing/solicitations/index.asp](http://www.bcn-nshe.org/purchasing/solicitations/index.asp)

Suggested vendors will also receive an email providing notification of the release of the bid specifications. Bid amendments documenting changes to a bid document are issued by Purchasing for purposes of clarifying information, provide responses to vendor questions or to address any logistics related issues for the bid process.

Vendor proposals are received at a set time and date and recorded in a structured manner. All communication regarding the bid is made through the assigned Buyer. Once the evaluation committee reviews vendor proposals, if applicable, vendor presentations may be requested. Vendor selection is made, appropriately documented and notifications are issued by the Purchasing Department.

**BID / QUOTE THRESHOLD FOR GOODS AND SERVICES**
## (Excludes Capital Construction)

### $50,000 OR MORE

**PROCESS:**
Formal bid process includes advertising in the newspaper of general circulation not less than 4 days prior to opening of bids

**PROCEDURE:**
Purchase requisition issued by the requesting campus/department, this is needed to ensure funding is available
In lieu of a requisition, a memorandum from the VP of Finance is also accepted, authorizing the bid process
Bid specifications provided by requesting department in conjunction with purchasing dept
Written notice provided to vendors on "vendor list" provided by dept., or who have participated in prior bids
Bid is advertised in the newspaper, bids received and read aloud on scheduled due date/time
Bid information is recorded by Purchasing and bid information is provided to requesting department
Vendor selection is made by requesting department in coordination with Purchasing
Contract forms, if required, are reviewed and approved by legal counsel, signature requirements are also routed through Purchasing
Contract management is done by campus/department and Purchasing
If no bids are received, Purchasing may negotiate a contract without further need for competitive bidding

### $25,000 - $50,000

**PROCESS:**
Request for Quote- solicited from 2 or more vendors

**PROCEDURE:**
Quotes requested from vendors who are qualified to provide goods or services, Purchasing maintains written files of this process
Issue of a Purchase Requisition by the campus/dept
Purchase Order issued to vendor by Purchasing

### $2,000 - $24,999

**PROCESS:**
One vendor quote required

**PROCEDURE:**
Purchase Requisition issued by Campus / Dept. along with a copy of the vendor quote, PO issued to Vendor

### $1 - $4,999

**PROCESS:**
Purchases in the amount of $4,999 and less may be done using the P Card (Limits may vary by institution)

**PROCEDURE:**
Consult the individual Campus Controller’s Office procedure
CONSTRUCTION PROCUREMENT

For purchase orders related to new construction and renovation projects that are less than $25,000, one quote is required.

For purchase orders related to new construction and renovation projects that are $25,000 and less than $100,000, three (3) firm written quotes are required, or bids may be sought.

For construction project contracts valued at $100,000 and above, BCN Purchasing will conduct a formal bid process, as described in the Board of Regent’s Procedures & Guidelines Manual.

All projects related to construction and that require architectural and engineering services, must be reviewed by the Facilities & Construction Department, prior to processing by Purchasing.

For additional information, refer to Board of Regents Policy, section 2g:

http://system.nevada.edu/tasks/sites/Nshe/assets/File/BoardOfRegents/Procedures/P%26GM%20CH05%20-%20FISCAL%20PROCEDURES(1).pdf

PROCUREMENT TRANSACTIONS

Purchase Requisitions

The initiating tool of the procurement system is the requisition. A requisition serves a dual purpose: it provides a clear and complete description of the department’s need and it transmits authority to the Purchasing Department to expend the department’s funds.

The requisition by itself is not a legal document and cannot be used to authorize a vendor to provide materials or services to any person or department, nor can it be used to process payment of an unauthorized transaction.

The Purchase Requisition is currently a hard copy manual form submitted to the purchasing department to initiate the procurement process. Requestors are encouraged to provide all applicable information that may expedite the PO issue process or initiate the bid process, according to the dollar threshold requirements. Applicable information may include vendor quotes, suggested vendor information, grant award back up information. Requisitions cannot be used for salaries, wages, and benefits or for transactions between departments.

A requisition for items/services will not be accepted without sufficient funds to meet the purchase obligations. This practice applies to all requisitions, regardless of the funding source. Only the Purchasing Department has the authority to encumber funds for requested items.
A budget transfer is required prior to the processing of a requisition if there is a shortage in the account.

The Data Warehouse provides each department with on-line access showing current expenditures, encumbrances, and balances. It is the responsibility of each department to monitor account balances.

The practice of issuing a series of requisitions within a twelve month period to the same vendor for the same item/service in order to avoid competitive solicitation process is strongly discouraged. Blanket purchase orders are required for repeat purchases from the same vendor totaling $24,999.99 annually.

Requisition Procedure

Campuses/Departments submit a requisition to BCN Purchasing to purchase goods/services for all procurements not handled through the P Card.

The requisition must contain complete information related to the purchase. The following is a sample of the information that should be provided on the requisition:

- **Requested By** - The name of the person making the request
- **Funding Source** – complete accounting information: Fund, Agency, Organization, object code, and sub-object code. Proper funding for the purchase must be available, to avoid any delays in the procurement process.
- **Suggested Vendor** - Requestor may suggest a vendor but the Purchasing Dept. has the final authority for selection of the vendor. User departments are encouraged to suggest possible sources of supply and Purchasing will work closely with the department during vendor selection.
- **Detailed Description of items/services** - The description is important and must be detailed enough to ensure both Purchasing and the vendor contract for the proper item/service. It should include quantities, units of measure, color, model, part number, etc., for services a complete scope of work and timeline for completion of work.
- **Quotations** - Any quotations obtained by the department must be attached to the REQUISITION when submitted to Purchasing.
- **Delivery date or date needed** - The date the department is requesting the delivery of the item/service. Requestors should consider vendor lead times as well as shipping and handling requirements.
- **Special Handling requests** – Details of requests to expedite, emergency declaration, uncommon delivery instructions, etc. should be provided with the REQUISITION.
- **Competitive Exception Documentation** - Any request for competitive exception (Includes Sole and Single Source purchases) must contain a justification by the requestor submitted with the requisition for approval by the Director of Purchasing.
This list is not all inclusive. Departments should provide any other relevant information with their request to ensure the correct purchase is made.

Upon receipt of the requisition, the appropriate Buyer is assigned to process the transaction in accordance with procurement requirements.

Purchases made without proper authorization may result in personal liability or other disciplinary action to an employee.

**Purchase Orders**

A *purchase order (PO)* is a commercial document issued by a *buyer* to a *seller*, indicating types, quantities, and agreed prices for products or services the seller will provide to the *buyer*.

A purchase order (PO) is prepared from a requisition by the Purchasing Department once Purchasing has evaluated the requirements of the request. Purchasing notifies the department once the purchase order has been issued (currently the department receives a hard copy of the PO but eventually departments will receive email confirmation). A copy of the PO is sent to the person named in the requisition as the “originator”; if someone else needs to have the PO copy please state so in the body of the requisition. Departments should review the PO to ensure the order is correct and must contact purchasing immediately to resolve any questions or errors contained in the PO.

**Blanket Purchase Orders**

Open purchase orders or blanket orders may be used when a department expects to request partial shipments or partial performance of services over an extended period of time, such as monthly services. These reduce the paperwork necessary to process an individual purchase order for each separate delivery.

Blanket orders may be based on negotiated pricing and other specified terms. This type of purchase order can be set up to enable everyone in the department (or specifically named individuals) to request goods/services from the same purchase order.

The PO can be in effect for a one year period, however, it cannot extend beyond the end of the institutional fiscal year, requestors should also consider timelines for requisitions funded with grants.

Departments may request open ended purchase orders for most goods and services that Purchasing has on contract to avoid processing individual requisitions during the year. (Example – janitorial services billed monthly) and Purchasing has a contract for those services, department may issue a requisition to request an open ended purchase order covering the partial services to be received during the current fiscal year.)
The blanket purchase order is issued for the estimated amount expected to be used within the specified time period. CAUTION: Departments cannot request an open ended purchase order modification to circumvent bidding requirements. (Example – Originally request PO for $25,000 then 30 days later submit a modification to increase the amount by $10,000 to cover costs that are now anticipated or already requested from vendor).

If your requirements are close to or have in the past exceeded multiple quote or bid limits, Purchasing should help the department obtain multiple quotes or bid the requirements.

Departments should request any changes to open ended purchase orders in writing to Purchasing. These include any changes to goods/services not specifically covered, pricing, total aggregate amount of purchase order, and authorized requesters. If the requested changes are approved, Purchasing will issue a change order or modification to the PO and the vendor and the department will be notified of the changes.

**Blanket Order Procedure**

Department submits a requisition to Purchasing requesting the issuance of an open ended purchase order to a vendor. The requisition should contain the following information:

- If renewal, please note prior year Purchase Order number
- Name of Vendor.
- Total dollar amount that can be charged against the purchase order.
- The time frame the purchase order is valid.
- Details of items to be purchased, prices, and any other pertinent information.
- Accounting information.

Purchasing will review the request, and if approved, the blanket purchase order will be issued.

It is the responsibility of the requesting department to keep track of the individual orders placed against the open ended purchase order. This includes checking to make sure the vendor delivers the correct items in the correct quantities and invoices at the agreed upon rates; promptly approves invoices for payment; and ensures the aggregate amount ordered against the purchase order does not exceed the total dollar amount authorized on the open ended purchase order.

Blanket purchase orders that are not cancelled or closed prior to the end of the current fiscal year, will expire on June 30th. If the purchase order should be closed prior to the end of the fiscal
year, the department must request a change order instructing Purchasing to close the purchase order.

**Change Orders**

Change orders are issued when requested and authorized by the assigned account approver. Change orders are issued for a variety of reasons, including quantity changes, pricing changes, availability of items, additional shipping or handling fees; if the change is to increase the value of the PO, it must not exceed 10% of the original purchase order.

**OTHER TYPES OF TRANSACTIONS**

**INDEPENDENT CONTRACTORS**

An independent contractor is an individual performing services to another entity on a contract. According to IRS guidelines, the specific Business Center North entity has the right to control or direct only the result of the work done by the independent contractor and not the means/methods of accomplishing the result.

Agreements or contracts with individuals or sole proprietorships are subject to independent contractor guidelines, while agreements with partnerships and corporations are subject to purchase order guidelines.

The Controller’s Office oversees agreements and contracts with independent contractors.

Due to stringent IRS rules, requestors must exercise due diligence in identifying when services will be provided by an independent contractor. In order to avoid delays in the process, the appropriate paperwork needs to be initiated for the correct type of contract. Consult the Controller’s Office at each campus for forms and other information regarding independent contractors.

**REQUEST FOR PAYMENT or DPO**

Departments may conduct purchases using a Request for Payment form and/or a DPO (Departmental Purchase Order) to conduct small purchases in accordance with the terms and conditions of the forms, refer to the forms for information on allowed uses of this form.
HOSTING
Hosting expenditures may be incurred for reasonable expenses for meals, beverages, flowers and small gifts by or on behalf of employees or guests of the NSHE institutions. Hosting must provide a benefit through the establishment of good will and promotion of programs to advance the mission of the NSHE. Some restrictions include: expenses may not be charged to state accounts, gratuity may not exceed 20%, may not be used to pay for expenses not allowed by other policies. Host accounts may be set up for grants, contracts or gift accounts, student government funds and unrestricted funds. Host accounts are audited periodically.

DEPOSITS AND PRE-PAYMENTS
It is not the preference or the practice of the Business Center North to agree to or pay deposits or prepay for any goods or services. Requestors should verify that the intended vendor accepts purchase orders.

EMERGENCY PURCHASES
The Board of Regents defines an emergency as one which results from the occurrence of a disaster such as, but not limited to, fire, flood, hurricane, riot, power outage or disease; or an event that may endanger the health, safety, or welfare of the students, faculty, staff, or public if not immediately resolved.

A contract may be instituted in an “emergency” situation by waiving the necessary advertising or bidding requirements. In any case a full written record shall be made of the circumstances. Purchasing will expedite the handling of these requests.

HAZARDOUS MATERIALS
Any purchase for materials considered hazardous must be made in compliance with all federal, state and local safety policies and regulations. Departments may request assistance from purchasing in identifying special shipping, handling or disposal requirements, this includes any requisitions to purchase materials, new or substitute, that have a Material Safety Data Sheet (MSDS) and that may require special PO provisions.

MAINTENANCE AGREEMENTS
This includes vendor agreements for services that are periodically performed on equipment, vehicles, elevators, software systems, hardware and others.

Departments should submit a requisition for maintenance agreements. If there is an agreement that must be signed submit it with the requisition for processing by Purchasing. In addition, Individual campus approval requirements also apply. Purchasing cards may also be used to pay for maintenance agreements.
EQUIPMENT REPAIRS
If possible, obtain an estimate for the repair and submit this information with your requisition. If
an estimate is not available until the item is examined at the vendor’s place of business, the
department may submit a requisition to Purchasing with an estimated cost. The P Card may also
be used to pay for equipment repairs. In addition, individual campus approval requirements also
apply.

SOLE OR SINGLE SOURCE PURCHASES
Sole source purchases are those that are only available from one source.

The Board of Regents procedure states that Purchasing may grant a “competitive bidding
exception” for proprietary, single, or sole source items in amounts that require a bid process.

The competitive exception form must be submitted with any requisition requesting sole or
single sourcing. Department should work closely with Purchasing to ensure their submittal is
complete. Final responsibility in determining whether a purchase is approved as a sole source
rests with the Director of Purchasing. Exceptions are only given to purchases that in no way
violate NSHE Policy, as well as State and Federal Law.

NEW VENDOR SET- UP
A vendor application form is provided to the prospective vendor along with a W9 or W8 (foreign
vendors). Vendors who are required to provide a W9 must include the TIN or SS#, failure to
provide this information will result in a 28% payment withholding, as required by the IRS. The
vendor information is entered into the Advantage Finance System by the individual campuses,
based on the information provided by the individual vendor. A quick “query” of the existing
vendor master must be done, in order to avoid duplication of vendor creation.

Please note that in an effort to standardize reporting fields, campuses and departments must
ensure use of the latest revised vendor application form, below is the link to the current BCN
Purchasing form:

http://www.bcn-nshe.org/downloads/?deptID=Purchasing

SUPPLIER DIVERSITY
The Nevada System of Higher Education and Business Center North recognize the benefit of
creating an equal opportunity for all vendors to participate in the procurement process;
Business Center North is committed to diversity and nondiscrimination in its business
operations. Accordingly, NSHE will make a good-faith effort to utilize minority business
enterprises, women-owned business enterprises, disabled business enterprises,
veteran/disabled or veteran-owned business enterprises, and small business enterprises
throughout the procurement process. This effort does not equate to a quota or set percentage.
All efforts to contact and engage small, minority, disabled, veteran, and women vendors will be fair and impartial.

Open and fair competition is the cornerstone of the acquisition process, therefore, it is vital that all staff involved in facilitating the procurement process apply measures that lead to attaining successful competition by communicating opportunities to prospective vendors, guiding them through the process, responding to questions and inquiries in a fair and efficient manner, as well as ensuring that the evaluation of vendor responses is done accurately and fairly, seeking the award of a best value contract that will ultimately meet the requirements of the requesting entity in terms of long-term cost, delivery timelines, performance and warranties.

In accordance with Nevada law, no preference will be given to any business group or classification. The Supplier Diversity Program has been created, however, to ensure that small and minority-, veteran-, disabled-, and woman-owned businesses have the unimpeded ability to compete in the bidding process and to do business with BCN. All Bids are posted in the Purchasing Department web page and advertised in newspapers with regular circulation.

The identification of Disadvantage Business Enterprises is done through the vendor application form that all vendors must complete. Accurate business ownership reporting is a major component of the process to identify “spend” dollars procured from disadvantaged business enterprises.

**COMPETITIVE EXCEPTION (Sole Source Purchases)**

**Purpose**

Competition for the purchase of equipment, supplies, or services may be waived via a competitive exception if it is determined by the Purchasing Department that there is only one source for the required item(s). It is strongly suggested that departments contact Purchasing to assist them prior to submitting their competitive exception documentation. Early discussions will save time and effort for the department and Purchasing.

**Policy**

Competitive exceptions should be avoided, except when no reasonable alternative exists. Cost cannot be used as a reason for competitive exception.

Competitive exceptions will not be granted because there is not enough time to issue a bid.
Each department is responsible to plan its activities in such a manner to allow the bid process to take place. Waiting until the equipment is actually needed before contacting Purchasing is not a sufficient reason to bypass Board of Regent policy. The earlier Purchasing is notified of a requirement, the sooner they can assist in specification writing and begin the bid process.

A competitive exception request must be submitted with any requisition requesting equipment, supplies, or general services from a sole source vendor or for a brand specific item that exceeds $50,000.00 (aggregately within a 12 month period).

The following may be valid reasons for a competitive exception:

- Prototype (test purposes)
- Only Approved Source
- Professional Expertise
- Donor Specific
- Vendor Qualifications
- Grant Specific
- Compatibility
- Proprietary
- Standardization
- Qualified Products List
- Follow-up Work
- Emergency*
- Used Equipment*
- Auction, closeout, Bankruptcy, or Similar*

*Requires approval from the Senior VP of Business & Finance per NSHE Chapter 5 Fiscal Procedures.

**Competitive Exception Procedure**

Departments must submit a Competitive Exception Form along with a requisition to the Purchasing Department to purchase equipment, supplies, or services from a sole source vendor or for a brand specific item.

The Competitive Exception Form must contain complete information. The following is a list of the most common information provided on the exception form:

- **Requisition Number**- The requisition number that the form supports.
- **Items/Services Description**- Provide a detailed description of the equipment, supplies, or services being requested.
- **Reasons for Requesting a Competitive Exception**- Check all boxes that apply to the request. The reason is very important and must be detailed enough to ensure that the Purchasing Department can properly evaluate the request for a competitive exception.
- **List the other makes, models, and vendors you considered and why they were rejected**- If there are items or services on the market that are similar to those being requested, but will not work for this application, specifically state why. Provide the name of the manufacturer being considered, list the feature(s) that they did not have and why that feature(s) is/are required.
What adverse effects would result from the use of other equipment, supplies, or services—Provide a detailed explanation of the adverse effects of not using the specific vendor requested.

Requested vendor name—Provide the name of the vendor believed to be a competitive exception based on the information stated.

Signature and Printed Name and Title/Date—The form should be prepared by an individual who is familiar with the requirements. The form should include the name, title, and signature of the individual completing the form as well as the date. The signature is also an attestation that the requestor has no financial interest in the company and will not receive any commission, profit, or compensation of any kind from the vendor.

If additional space is required use a word document and attach it to the form. Supporting documentation should also be attached, if applicable.

Upon receipt of the competitive exception form and requisition, the Purchasing staff will evaluate the request and may seek additional information from the department and will either approve the request or seek appropriate competition. The department will be notified of the appropriate action to be taken.

PROFESSIONAL SERVICES

Policy

Professional Services contracting is addressed in the NSHE Procedures and Guidelines Manual Chapter 5 – Fiscal Procedures Section 2 – Purchasing Policy:

“Except for personal/consultant services involving technical, professional or specialized skills or training and as noted in Chapter 5, Section 2c, all materials, supplies, equipment, services, and construction shall be purchased from the lowest responsive and responsible bidder after giving due consideration to price, life cycle cost, quality, availability, conformance to specifications, financial capability and service. The Purchasing Department of each Business Center may develop more detailed policies and procedures for purchasing activities as long as they are in compliance with the limits and delegations defined in the Board of Regents Purchasing Policy (Title 4, Chapter 10). The Purchasing Division of each Business Center will develop specific policies for obtaining personal/consultant services involving technical, professional or specialized skills or training, including architects, engineers, and other design professionals”.

The Purchasing Department will process requisitions for personal/consultant services using the following guidelines:

Definitions
Services: “Services” is a general, umbrella term for purchases that do not have a tangible item as the purchase objective. The term is global and includes such diverse tasks or projects as: window washing, consulting, guest lecturer, teaching, and designing a building. A service involves the furnishing of labor, time or effort by a vendor that does not involve the delivery of a specific end product other than required reports and performance. This does not include employment contracts. When we purchase supplies and equipment that are installed on our premises, we are not purchasing services, although many requirements associated with services, such as insurance and licensing, may apply. Additionally, purchases of this type are all handled through normal purchasing procedures. Listed below are specific types of “services”:

General services: Services involving primarily manual skills or labor. Examples of these are window washing, floral design and auto repairs. General services should be awarded based on the same criteria used for supplies, equipment and other goods.

Personal or Professional Services: Services requiring a high degree of knowledge, expertise and training, of a intellectual, specialized or technical nature, performed only under general supervision and requiring the consistent exercise of discretion and judgment. Frequently the individual or organization performing the service(s) is professionally licensed, and/or possesses an advanced degree. Some of the more common types of professional services include:

Consultant: An individual or organization who gives expert advice or assistance.

Accountant: An auditor, actuary, appraiser, professional who assists in identifying specific employees (head hunter), computer or software designer, medical or legal specialist, and curriculum and training material provider. An individual or an organization who gives expert advice or assistance in an area of endeavor for which he or she has special or unique expertise and/or qualifications.

Architect: An individual or organization engaged in planning and designing buildings and structures by applying knowledge of design, construction procedures, zoning regulations, building codes, building materials, and/or campus/area planning/master planning. Architects are selected based on demonstrated competence and qualifications.

Engineer: An individual or organization that applies physical laws and principles of engineering in the design, development, and utilization of machines, materials, instruments, structures, processes, and systems. Assignments undertaken may involve any of the following activities: provision of advice, preparation of feasibility studies, preparation of preliminary and final plans and designs, provision of technical services during the construction and installation phase, inspection and evaluation of engineering projects, and related services.

Note: If the service provider operates the business as an individual, not as a company with its own tax identification, the transaction must be processed as an “independent contractor”.

21
Due care should be applied to prevent employees from acting as vendors; Board policies prohibit this and/or allow it under specific rules if the employee is retired.

**SELECTION OF PROFESSIONAL SERVICES VENDORS**

Selection and documentation supporting the hiring of such vendors for any project should, as a minimum, include provision of the following: evidence that an effective selection process has been employed to secure the most qualified vendor available, considering the nature and extent of the services required; and evidence that the fee is appropriate considering the qualifications of the vendor, their normal charges, and the nature of the services to be provided.

For all professional and consultant service contracts, a scope of work must be defined detailing the assumptions, schedule and deliverables associated with the contract. The level of detail of the scope of work depends on the size of the contract. The scope of work must be provided to the potential vendors and the basis for their response to the solicitation. Although professional services are not generally awarded on low price alone, they are not automatically exempt from competition and a public solicitation process is appropriate and required in many cases.

Where there is competition, and the size of the award will be between $25,000 and $50,000, there must be at least two “competitive” informal quotes sought based on a summary scope of work that is developed and presented to those responding.

If the estimated contract award is more than $50,000, the Purchasing Department will conduct a formal solicitation process, based on a formal and detailed scope of work. The scope of work developed for any solicitation must be part of the final contract, along with any formal response to the solicitation by the selected vendor. The award will not be based on price alone, but on the competence of the service provider and the service provider’s ability to serve the needs of the institution. Departments are advised that a request for additional monetary consideration or expansion of scope after the award of any professional services contract will not automatically be granted if the change results in the total project costs exceeding the original solicitation requirements. (Example -If the original award was less than $25,000 and the requested increase would bring the award to over $50,000, department may be required to obtain additional solicitations for the new scope of work.)

**Engineers & Architects**

The selection of professional engineers and surveyors shall be made as per the provisions of the NSHE Policy and adopted procedures, as well as those contained in the Nevada Revised Statutes; requiring selection of vendors be made on the basis of demonstrated competence and qualifications. Rarely there may be the case to declare a competitive exception.
HIRING OF OUTSIDE COUNSEL
The hiring of outside legal counsel (attorneys) to provide legal services requires written approval of the General Counsel’s Office, prior to processing by Purchasing.

CONTRACTING FOR COPIERS

Contracting for a copier can be a complicated process. There are existing contracts available for copiers. We recommend that you initially contact Purchasing and obtain suggestions as to how to proceed in order to obtain the best value available for copier equipment.

Because the needs of a department change as well as the copier technology, it is best to make a decision based on the specific needs and funding availability.

A cost savings opportunity presents itself when copiers are networked and used for printing instead of using individual printers, allowing for toner cartridge cost savings.

The two basic copier contract types are leases (longer term) or rentals (short term month to month).

Leases are usually issued for long term, 3, 4 and 5 years. If a contract is canceled prior to the end of the term of the lease, the department will have to pay the remaining amount (lease buy out).

If the leased equipment is upgraded with a new unit, you will be required to either pay the remaining amount (lease buy out) or to build the cost into the new lease, the issue of a new purchase order for new equipment is required.

Other items to consider prior to deciding on a copier include: copier volume, desired features in the equipment (scan, built in fax, network printing), copier allowances, supplies.

Things to avoid in a copier contract:

- Any and all requirements to pay any type of tax.

- The need to issue 2 purchase orders, one for maintenance and one for the lease payment.

- Consideration of the type of consumables (ink, toners) to use and the impact on the life cycle of the equipment, consideration must be given to issues such as lower quality supplies may shorten the life cycle of the equipment.

- If a contract is presented to the department, do not sign it, allow purchasing to review and identify any issues or contractual conflicts with NSHE policies and potential sales and use tax issues.
SPONSORED PROGRAMS (Grants)

The Federal government has established standards, procedures, and records, which apply when supplies, equipment, construction and other services are purchased with Federal funds; those standards are outlined in Federal Procurement Regulations such as OMB Circular Number A-110 and other regulations. BCN must comply with those purchasing procedures in addition to the provisions described in this manual, when acquiring goods or services with Federal funds.

**Purpose of procurement standards** - set forth standards for use by recipients in establishing procedures for the procurement of supplies and other expendable property, equipment, real property and other services with Federal funds. These standards are furnished to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes and executive orders. No additional procurement standards or requirements shall be imposed by the Federal awarding agencies upon recipients, unless specifically required by Federal statute or executive order or approved by OMB.

**Recipient responsibilities** - the standards contained in this section do not relieve the recipient of the contractual responsibilities arising under its contract(s). The recipient is the responsible authority, without recourse to the Federal awarding agency, regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into in support of an award or other agreement. This includes disputes, claims, protests of award, source evaluation or other matters of a contractual nature. Matters concerning violation of statute are to be referred to such Federal, State or local authority as may have proper jurisdiction.

**Codes of conduct** - the recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub agreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of (d) Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. In certain circumstances, contracts with certain parties are restricted by agencies' implementation of E.O.s 12549 and 12689, "Debarment and Suspension."
**Competition** - all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, and invitations for bids and/or requests for proposals shall be excluded from competing for such procurements.

Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered.

Positive efforts shall be made by recipients to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. Recipients of Federal awards shall take all of the following steps to further this goal.

Except as otherwise required by statute, an award that requires the contracting (or subcontracting) for **construction or facility improvements** shall provide for the recipient to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds unless the construction contract or subcontract exceeds $100,000. For those contracts or subcontracts exceeding $100,000, the Federal awarding agency may accept the bonding policy and requirements of the recipient, provided the Federal awarding agency has made a determination that the Federal Government's interest is adequately protected.

**ARRA FUNDED PURCHASES** – Special requirements apply to ARRA funded purchases.

**PROCUREMENT OF EQUIPMENT AS A CONDITION OF A GRANT**

When a grant is awarded for specific equipment (identified with a brand and model), the requestor must specify this on the requisition and provide as much information as possible, so that the purchase is conducted in an expeditious and efficient manner.

**CONTRACTS**

**Purpose**

In order to conduct business, BCN enters into many contractual agreements. BCN is a part of the Nevada System of Higher Education and must abide by NSHE’s fiscal procedures for execution of contracts.
Authority

The Nevada System of Higher Education (NSHE) Procedures and Guidelines Manual, Chapter 5 Fiscal Procedures, Section 3 –Preparation and Approval of Contracts, outlines signature authority for execution of all contracts. The Chancellor is the contracting officer for NSHE and Chapter 5 contains contracting authority and signature delegation details.

Procedure

It is the responsibility of the Purchasing Department to process the execution of purchasing related contracts for the BCN. Departments should contact Purchasing if they are aware that a contract is required. DO NOT SIGN any contract before contacting Purchasing for guidance. As the contracting officer, the Chancellor has delegated signature authority to a few people at the Business Center North. **NOTE: Individuals who do not have authority to sign contracts, but do so anyway, may find that they could be held personally liable for the contract.**

Often times a purchase order is the only contract required between the vendor and the requesting department. When a contract is required, Purchasing will work with departments to ensure the contract meets Purchasing, BCN, NSHE, Board of Regents, state and federal, and any other applicable policies and procedures.

Departments do not need to send the contract to General Counsel for review prior to sending the contract to Purchasing. Purchasing will coordinate the execution of the contract with the appropriate entity.

Departments should submit contract forms for review as soon as they are available. The contract review process can be lengthy, especially when contracts do not adhere to NSHE contractual requirements (e.g., complexity, purpose, indemnification clauses, termination clauses, venue, etc.)

We encourage departments to check with Purchasing early on in the process, to verify if contractual provisions meet those of the NSHE.

If a contract is required, the contract must be fully executed (all required authorized signatures appear on the document) prior to the issuance of a purchase order.

Chancellor’s approval is required for all contracts valued at one million dollars and above, as well as any contracts with a term of 5 years or more. Also, approval is required for any modification to a contract that exceeds 10% of the original value of the contract award that was originally signed by the Chancellor.

- All contracts must contain a properly completed two page cover sheet.
- All contracts requiring the Chancellor’s signature are forwarded to the System Office’s Legal Affairs Department.
The System Office does not keep paper copies of institution contracts. Contracts are submitted electronically and signature pages are returned.

General Counsel of the institution is expected to review all institution contracts for legal and System policy compliance prior to submittal to the Chancellor. Institution General Counsel is required to note policy exceptions in the cover sheet. Generally there will be no extensive second legal review at the System Office (except where System Office Counsel has specific legal expertise, e.g. real estate matters).

Initials should no longer be included on each contract page.

In general, System Office will be paying particular attention to no bid/sole source contracts, contracts in which the low bid was not accepted, and substantial departures from contracting policy.

Q & A Applicable to Contract Processing

What process must be followed in sending a contract to the chancellor for approval?

All contracts submitted for approval must contain the following:

1) A signature block for the chancellor
2) Flags on all pages requiring the chancellor’s signature
3) One extra, flagged copy marked “Chancellor’s copy” or “System copy.” (Please note that it is time consuming to sign multiple originals, particularly with initials on each page. Generally, the System Office will retain one fully signed original with initials. If the institution or other parties want an original copy, it is recommended that such additional originals not include original initial blocks.)
4) An addressed return envelope (with postage if campus mail is not used);
5) Three initial blocks on each page, except the signature page. Initials are for the use of: 1) the President or designee 2) the party representative with whom NSHE is contracting, and 3) the Chancellor or designee. The failure to include initials on each page does not effect the validity of the contract, but it is cause for the Chancellor’s Office to reject the contract; and
6) An appropriately prepared cover sheet, in a form approved by the Chancellor’s Office that, among other things, identifies any departures from NSHE or Board rules. Rev. 30 (12/09)

How much time should generally be provided for review and signature by the chancellor?

Contract officers should normally anticipate a one week time period for processing at the System office. When a contract is received by the Chancellor’s Office, it undergoes tracking and summary review by the Chief Counsel’s Office prior to signature by the chancellor. Questions about the status of a particular contract should be directed to the Chief Counsel’s Office.

Which contracts MUST ALWAYS be sent to the chancellor for signature?

27
Contracts that must always be sent to the chancellor for signature are:

1. All contracts that must be approved by the Board of Regents by law. These include, but are not necessarily limited to:

   (a) the sale or purchase of real property or the long-term lease of real property owned by NSHE, including most easements over real property (See NRS 396.430 and Board Handbook, Title 4, Chapter 10, Section 1(9)). “Long-term” is defined as in excess of four years.

   NOTE A: The lease of NSHE property for specific, one-time events need not be approved by the Board of Regents and is excluded from the requirements of this paragraph, but may otherwise be subject to the requirements set forth hereinafter.

   NOTE B: Contracts as described in (a) above must be placed on a Board of Regents Investment and Facilities Committee agenda for approval with final approval by the Board of Regents.

2. All contracts with an open-ended or indefinite term. Contracts with an open-ended or indefinite term are construed as contracts longer than five years. Likewise, contracts with “evergreen” clauses, i.e. clauses that automatically renew the agreement if no action is taken, or options that unilaterally allow one party to extend the term of the agreement beyond a five year term, are also construed as contracts with a term in excess of five years. In contrast, a contract that requires both parties to mutually agree upon or assent, in writing, to continue the relationship is essentially a new contract, and such a clause is not an open-ended or indefinite term.1 Irrespective of this interpretation, institution’s should still be mindful of any applicable purchasing rules or bid requirements before exercising such an extension.

   1 An example of this type of contract clause is as follows: “The parties may mutually agree, in writing, to extend the contract for an additional term of two years on the same or different terms.”

3. Contracts that provide for the hiring of outside attorneys for legal services do not require chancellor approval, but do require written approval of the Chief Counsel’s Office. Chief Counsel’s Office approval is not required for the retention of outside attorneys as hearing officers or administrative code officers under Title 2, Chapter 6. Rev. 30 (12/09) Chapter 5, Page 15

4. Except for standard form federal grants and contracts (including private and state contracts that are funded with federal funds and therefore require compliance with federal grant requirements) and for NSHE purchase orders, all contracts:

   (a) which require consideration (cash, property, or services) valued in excess of one million ($1,000,000) dollars, calculated by adding the total cumulative payments, delivery, or performance over the entire term of the contract,2 OR

   2 For example: a contract for $20,000 per month for a five-year term would cumulatively exceed $1,000,000 and, therefore, would require the chancellor’s signature.
For example, a contract for $15,000 per month for a five-year term would cumulatively total $900,000 and, in conjunction with the fact that the contract is for five years or less, would therefore be a contract that could be signed by the president or designee. Please remember, however, the real estate contracts and leases of NSHE property have different contracting requirements that may trigger Board approval. (See Question 12(A)(1)).

(b) which are for terms in excess of five years or which provide the automatic right to renew for terms that exceed five years in the aggregate.

**NOTE:** The presence of either condition is enough to require that the contract be signed by the chancellor.

5. All contracts which, in the judgment of the president of an NSHE institution, have such a serious political, social, or financial impact on NSHE or the public that the Board of Regents’ or the chancellor’s review is necessary.

6. All other contracts for which signature authority has not been delegated by the chancellor as provided herein.

**What contracts can be signed by the president?**

As noted previously, the Board of Regents Bylaws authorizes the chancellor to delegate certain contract-related responsibilities.

The chancellor delegates signature authority for the following contracts to the presidents of NSHE institutions or to the presidents’ designee, subject to the institution’s reasonable judgment, at the time of entering into the contract, that the threshold limits set forth below will not be exceeded.

1. **Consideration of One Million Dollars ($1,000,000) or Less and Terms of Five Years or Less**

   All contracts (including interlocal cooperative agreements, interlocal contracts, and standard form contracts):

   (a) which require consideration (*cash, property or services*) valued at One Million Dollars ($1,000,000) or less, calculated by adding the total cumulative payments, delivery or performance over the entire term of the contract, which are for terms of five years or less or which provide the automatic right of either party to renew for terms that do not exceed five years in the aggregate.

   **NOTE:** Both conditions must be present before the contract can be signed at the institutional level.

2. **Cost Overruns, De Minimus Changes and Change Orders**
Cost overruns or change orders which in the aggregate do not exceed 10 percent of the base contract amount, or de minimus changes that do not materially increase the risks of the contract such as brief extensions for time of performance and the like. If there is any question about whether a change is de minimus, the institution should obtain the advice of the Chief Counsel’s Office.

3. Standard Form Federal Grants and Contracts (including private and state contracts funded with federal grant funds)

All standard form federal grant applications, grants, contracts, modifications, and release forms, including private and state contracts funded with federal grant funds that therefore require compliance with federal grant requirements.

**NOTE:** Sub-contracts under approved federal grants and contracts are sometimes entered into with third parties to perform portions of the work or to provide materials. Because sub-contracts are executed at the institution level and are not subject to review and approval by the chancellor, it is the institution’s responsibility to maintain proper administrative oversight over the terms of any sub-contract.

4. Education Affiliation Agreements

All education affiliation agreements that do not exceed $1,000,000 and/or five years in duration. All education affiliation agreements must have insurance and indemnification clauses that have been approved by the institution Risk Manager and General Counsel’s Office. The insurance and indemnification clauses contained in NSHE standard form Education Affiliation Agreements are approved for use by all institutions and units.

**SHIPPING AND RECEIVING**

Incoming and outbound shipments of parcels, mail, and freight are handled by each shipping and receiving department. A centralized function eliminates the need for multi-department personnel training in the policies and procedures of receiving merchandise from vendors, third party manufacturers, freight agencies and mail from the US Post office. Personnel are trained to properly handle, damaged shipment, hazardous materials, etc., thus protecting the assets of the NSHE while negating unnecessary liabilities.

Outbound shipments of parcels, freight, and mail may be subject to inspection by staff to verify contents for hazardous materials and compliance and international shipment regulations.

**FIXED ASSETS**
The ownership of all property is vested within the Board of Regents of the Nevada System of Higher Education.

The equipment inventory section within BCN Purchasing is the official recording center for NSHE equipment. NSHE employees are responsible for the safekeeping of all property. Each College coordinates and collects inventory from the departments.

Responsible chairpersons, directors, or administrative officers are responsible for ensuring equipment is secure and for reporting discrepancies on the inventoried equipment list. Each responsible unit, in coordination with the equipment inventory section, completes an annual physical inventory.

If required, the responsible department must send their sensitive equipment inventory list with the annual inventory lists to the equipment inventory section within BCN Purchasing.

Inventoried equipment is defined as all merchandise meeting the following criteria:

1. has a unit cost of $5,000 or more
2. is complete in itself
3. does not lose its identity even though it may become a component part of another item when placed in use
4. is of a non-expendable, non-repairable, durable nature with a life expectancy of one year or more

Included, regardless of cost, are firearms of all types (i.e., revolvers, shotguns, rifles, starter guns) and pyrotechnic devices. Also included are some components of buildings or facilities that meet the above criteria such as generators, score boards, etc.

The method of payment or the source of funding does not affect the definition of inventoried equipment. A single lump-sum payment, a down payment and/or staggered payments over any period of time, a lease-purchase agreement (with either the equipment supplier or a third-party financing entity), and a gift are all proper and possible ways of paying for inventoried equipment. Equipment that meets the above definitions and is acquired as part of the construction or remodeling of a building or facility is to be separately inventoried. Equipment that is leased (with no intent to purchase), rented, or placed for demonstration purposes only is not inventoried. Leased equipment that has only a nominal buy-out clause is to be considered a
lease-purchase. (It may be prudent to record rented or demo equipment in the department's Sensitive Equipment List.)

Effective March 1, 2008, the following sensitive items or items subject to theft must be separately tracked by the responsible department if the items have a value in excess of $2,000 and less than $5,000 (except as noted below):

1. Bicycles
2. Cameras: digital, film, video
3. Cell phones, two-way radios, individual communication devices
4. Computers (costing less than $5,000): desktop, servers, laptop, PDAs (regardless of acquisition cost)
5. Copy, fax and multifunctional machines
6. Lawn mowers
7. Microscopes and telescopes
8. Music systems and components
9. Musical instruments
10. Printers
11. Scales and balances
12. Televisions
13. Video: projectors, recorders, monitors

Please note that the thresholds have increased for tracking sensitive equipment except for computers (including PDAs), which must be tracked by each department regardless of acquisition cost (if over $5,000 in the regular fixed asset system, if under $5,000 as sensitive equipment.) Purchases of sensitive equipment must be acquired using object/subject codes 30-SE.

Institutions that wish to inventory additional items within the aforementioned definition may do so at their discretion.

**Procedures**
The most common method of acquiring equipment is through the purchase order process, i.e.: a requisition is submitted, along with a quotation or bid from a supplier; the Purchasing Department Buyer issues a purchase order, and coordinates with the requisitioning department, the Equipment Inventory Section, and the institution's Controller's Office, to ensure both the proper receipt of the equipment and also the correct and proper initial recording of the new equipment.

All purchases and payments of inventoried equipment are to be coded as Object Code 60. There will be no exceptions to this, and the Purchasing Department Buyer, in cooperation with the applicable institution's Controller's Office, will ensure proper coding of all transactions.

The cost of equipment includes all directly associated expenses necessary to: deliver and receive the equipment, place the equipment in its proper location, have the equipment installed and made operable, and any associated initial components supplies necessary for the equipment to operate. If inventoried equipment is to be fabricated, the responsible department must make arrangements and have a fabrication number assigned (for tracking purposes) prior to beginning the fabrication process.

Equipment purchased using some form of extended payment is to be treated exactly the same as equipment purchased with a single payment. All payments are to be coded as Object Code 60. The equipment's value is the total sum of all payments including interest.

The date that inventoried equipment is placed in service is the date that will be used for purposes of recording useful life and depreciation. For equipment valued at less than $50,000, the Payment Voucher (PV) date will generally be used as the "in-service" date. For equipment with a total cost of $50,000 or more, and equipment acquired through any form of multiple payments, will have its "in-service" date determined through direct contact and confirmation with the user department.

**Betterments**

A betterment of inventoried equipment is any modification which changes or alters a unit's original function/design and certain major repairs. Contact BCN Purchasing to determine if a
repair is deemed major. The inventory number will remain unchanged with the betterment, but the depreciation schedule and the useful life may need to be adjusted. Adjustments, if necessary, will be coordinated with the institution’s Controller’s Office.

**Fabrication**

A fabrication is a piece of equipment that is being constructed at the institution by the their personnel. Generally, each part of a fabrication would not be large enough (over $5,000) to be capitalized and would not function as a separate piece of equipment. There are exceptions, as in lasers, where the parts that make up the finished piece of equipment are over $5,000 but these parts must meet the unable to function alone criterion. If a piece of a fabrication can function on its own, and is over $5,000, it is a piece of equipment and must be tagged separately. A fabrication must, when complete, be $5,000 or over in value.

Equipment being fabricated by outside vendors is not a fabrication. Equipment, such as a seismic table that is constructed to be destroyed in an experiment is not a fabrication. A fabrication should not last longer than two years, if it does go beyond the two year limit—a request to continue should be submitted in writing to purchasing with a detailed explanation as to why the project was not finished in the allotted time, as well as supplying a new projected ending date. Based on the information given, Purchasing will make the decision regarding continuation of the project under the designated fabrication number. Fabrications must have a termination date.

**Moving or transfer of equipment**

The movement or transfer of any inventoried equipment from its recorded location must be immediately reported to the Equipment Inventory Section. If inventoried equipment is to be loaned to an entity outside NSHE, a written agreement with the other entity, approved by the president of the institution, and recorded in the Equipment Inventory Section, must be completed detailing the terms of the loan and the responsibilities of all parties. If responsibility for the equipment is being changed between departments, that information must be reported to the Equipment Inventory Section. If equipment is found to be missing or is stolen, a police
report is to be initiated immediately, and if the equipment was inventoried, the Property Inventory Section must be notified.

**Equipment Removed from Campus**

An **equipment loan agreement** is required for employees taking university property (laptops, cameras, small items) off campus for work related reasons

**Surplus Property**

Disposal of NSHE property will be coordinated through the Purchasing Department. Purchasing will be notified when property, especially inventoried equipment, is deemed to no longer be of use to the responsible department. Purchasing will decide on a course of action based on age, condition, usefulness to other departments, disposal or salvage value, and costs to remove the property. If the property is deemed to be worthless or a safety hazard, Purchasing will coordinate its disposal as refuse.

Equipment and furniture disposed of by one department but deemed to have some useful life will normally first be made available to other departments. NSHE departments may avail themselves of this merchandise without cost other than moving expenses. Merchandise not claimed by NSHE departments beyond thirty (30) days, and items deemed to be unacceptable for re-use within the System, will be disposed of through public sale, an on-line bidding process, sale to surplus or salvage dealers, or disposal through donation or refuse.

**The sale of any NSHE property by individuals that do not have the authority to do so, as per current procedures, is prohibited.**
BUSINESS CENTER NORTH PURCHASING STAFF

Ray Moran – Director of Purchasing 775-784-1644
rmoran@unr.edu

Rose Belcher – Purchasing Technician II 775-784-4795
roseb@unr.edu

Fred Harvey – Buyer IV 775-784-6618
fharvey@unr.edu

William Bailey – Buyer III 775-784-1645
baileyw@unr.edu

Betsy Brownfield – Buyer III 775-784-4148
bbrownfield@unr.edu

Vikki Plants – Buyer III 775-784-1647
vplants@unr.edu

Sarah Binger-Grosjean – Buyer III 775-784-6259
sbgrosjean@unr.edu

Ryan Caddel – Buyer I 775-784-4195
rcaddel@unr.edu

FIXED ASSETS STAFF

Ryan Fitzgerald – Supply Technician II 775-784-4134
ryanfitzgerald@unr.edu

Jodi Gillenwater – Supply Technician IV 775-682-7420
jodig@unr.edu
BUSINESS CENTER NORTH – SERVICING CAMPUSES

BCN PURCHASING

http://bcn-nshe.org/purchasing/

NEVADA SYSTEM OF HIGHER EDUCATION

http://system.nevada.edu/

UNIVERSITY OF NEVADA -RENO

http://www.unr.edu/home/

TRUCKEE MEADOWS COMMUNITY COLLEGE

http://www.tmcc.edu/

WESTERN NEVADA COLLEGE

http://www.wnc.edu/

GREAT BASIN COLLEGE

http://www.gbcnv.edu/

DESERT RESEARCH INSTITUTE

http://www.dri.edu/