



# ***Procurement and Contract/Agreement Guidelines***

***This guide is only applicable to CSUSM Corporation purchases and contracts.***

*For Non-CSUSM Corporation purchases and contracts, please refer to the [CSUSM Procurement site](#)*

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## I. Purpose:

The purpose of this document is to establish the procedures for CSUSM Corporation purchases and agreements/contracts. It will serve as a guide for making purchases utilizing CSUSM Corporation funds as well as a guide for agreements between CSUSM Corporation and its affiliates. These guidelines shall be followed by anyone using CSUSM Corporation funds to support CSUSM and CSUSM Corporation activities.

Information provided in these guidelines should be used in conjunction and compliance with all other CSUSM Corporation policies, procedures, and guidelines. For more information and references, see Section X. This document applies to all CSUSM Corporation agreements including those with the Office of **Sponsored Projects** and the CSU Institute for Palliative Care.

## II. Purchaser Responsibilities:

### A. The purchaser...

- Must determine the best price and the most qualified vendor. However, if in CSUSM Corporation's judgment the prices do not seem reasonable, CSUSM Corporation may request that the purchaser obtain additional quotes.
- Must obtain the proper pre-approval from the approving authority and the CSUSM Corporation (if applicable) prior to making purchases.
- Is responsible to comply with all CSUSM Corporation policies and procedures as well as applicable federal, state, and local regulations.

### B. Additional Documentation

- For **Campus Programs**, the Project Agreement Form (References, Section X) must be setup and approved prior to making purchases or entering into an agreement/contract.
- For **Sponsored Projects**, the Project Agreement Form (References, Section X) must be setup and approved prior to making purchases or entering into an agreement/contract; additionally, Sponsored Projects Orientation must be completed. Contact [sponsoredprojects@csusm.edu](mailto:sponsoredprojects@csusm.edu) for orientation information.

### C. Additional Restrictions for Sponsored Project funds

- **Sponsored Project** funds relating to grants and contracts, while subject to these guidelines, may be subject to additional restrictions of the funding agency. "**Sponsored Project** Funds" are funds that the CSUSM Corporation may receive through grants, external funds, and third party contracts. These funds must be spent in accordance with the gift conditions, grant requirements, and/or contract terms.

## III. CSUSM Corporation Fiscal Responsibilities

- CSUSM Corporation reserves the right to deny purchases made and submitted for reimbursement on a Direct Pay Request if proper information is not received OR if proper bidding procedures were not followed. The purchase would then be the responsibility of the purchaser.
- CSUSM Corporation is not required to select the vendor with the lowest quote/bid. CSUSM Corporation can select on criteria determined to be in the best interest of the project. If other than the lowest bid is selected, a justification must be attached to the Requisition.

## IV. Agreements/Contracts

### A. Types of Agreements

All contractual agreements that would bind CSUSM Corporation must be reviewed and executed by the CSUSM Corporation regardless of monetary considerations. Proposed contracts/agreements and subsequent changes to contracts/agreements must be submitted to CSUSM Corporation via corp@csusm.edu for review and coordination of agreement approval. All agreements involving CSUSM Corporation are to be prepared and executed in written form. CSUSM Corporation will not accept any oral agreements as legally binding.

Pursuant to ICSUAM 5412.0, Section 100 except in cases of emergency to protect human life or State property, work shall not commence on any contract until the contract has been approved by the appropriate authority. Any work performed by the contractor before the date of approval can be considered as having been done at the contractor's own risk and as volunteer work.

#### (1) Lease Agreements

A lease agreement outlines the terms and conditions for use of a property not owned by the lessee.

#### (2) Licensing Agreements

Licensing agreements outline the terms of use for physical, intellectual, or branded property owned by one party.

#### (3) Memorandums of Understanding (MOU)

A memorandum of understanding is a formal understanding between two or more parties to establish official partnerships and often times shared goals.

#### (4) Non-Disclosure Agreements (NDA)

A non-disclosure agreement is a confidentiality agreement which one party agrees to not disclose confidential information to others and are often used to protect intellectual property or sensitive information.

#### (5) Product & Goods Agreements

Agreements for products and goods are used to contract with a vendor to supply items over an agreed period of time.

#### (6) Service Agreements

Service agreements are contracts that specify the services and expectations of service from one party to another, often including a pricing agreement and term lengths. Examples of service agreements include independent contractors and guest lecturers.

#### (7) One-Day Agreements

One-Day agreements are short-term service agreements, and are often used for events to cover liability risks and service expectations.

### B. Agreement Qualifications

- Any vendor or company anticipated to render services or provide products to CSUSM Corporation or affiliates are required to enter a contract with CSUSM Corporation including single-day services, independent contractors, and guest lecturers.
- Contracts are necessary for all vendors who anticipate coming to the CSUSM campus or affiliated properties to perform services.
- Contracts are required when the vendor is being offered exclusivity as well as if they participated in a Request for Proposal or Request for Quotation process.

## C. Terms & Conditions

The Terms & Conditions (also known as General Provisions) are the stipulations by which all vendors must abide in order to do business with the CSUSM Corporation.

### (1) Terms & Conditions for Acquisition of Goods

The Terms & Conditions for the Acquisition of Goods outlines the rights of CSUSM Corporation and the due process and expectations of an executed contract including and not limited to insurance, invoicing, termination, governing law, and conflict of interest. These provisions must be followed when executing a contract with CSUSM Corporation including all of the expectations outlined there.

### (2) Terms & Conditions for Service Acquisitions

The Terms & Conditions for Service Acquisitions outlines the rights of CSUSM Corporation and the due process and expectations of an executed contract including and not limited to insurance, invoicing, termination, governing law, and conflict of interest. These provisions must be followed when executing a contract with CSUSM Corporation including all of the expectations outlined there.

### (3) Terms & Conditions for Information Technology Acquisitions

The Terms & Conditions for Information Technology Acquisitions outlines the rights of CSUSM Corporation and the due process and expectations of an executed contract including and not limited to insurance, invoicing, termination, governing law, and conflict of interest. These provisions must be followed when executing a contract with CSUSM Corporation including all of the expectations outlined there.

## D. Agreement Requirements

In order to successfully set up an agreement, each agreement should contain a complete description, the scope of work including deliverables, the term of the agreement, a list of all involved parties, complete vendor contact information, the appropriate signatures, other applicable items such as schedules and exhibits, and insurance if required.

### (1) Description

This description should be a general explanation of the contract and expectations. Included in this should be a brief summary of the intent of the contract and allude to the scope of work that is detailed further.

### (2) Scope of Work including Deliverables

The Scope of Work statement should be a detailed report documenting most of the expectations and responsibilities of the contract. This should absolutely include all deliverables and services/ production expectations. It should include any milestones, reports and end-products, and a timeline of delivery for all deliverables. The Scope of Work should answer questions such as the following:

- **Goals:** what are the goals of the contract seeking to accomplish?
- **Where:** what are the locations of the services being performed?
- **What:** what services are being performed? If there are multiple service/production expectations, include all of them.
- **How:** how are the services/productions being executed?
- **Deliverables:** what are the expected products of the contract?
- **“Soft” deliverables:** are there any meetings, conference calls, or administrative actions that contribute to the execution of the agreements in the contract?
- **Timeline:** when are each of the deliverables expected to be complete?

### (3) Agreement Term

The agreement term is the beginning date and end date of a given contract. The agreement term can be extended with an agreement amendment if the services were not completed or the goods not delivered within the original term of the agreement.

### (4) Parties to the Agreement/Contract

This section should include all involved parties to the contract. The full legal name (i.e. California State University San Marcos Corporation) of all the parties must be included in the agreement. Affiliated parties to the agreement may be listed if applicable (i.e. California State University San Marcos).

### (5) Vendor Contact Information

This section should include a point of contact for each party, including a valid email address, phone number, and mailing and billing address.

### (6) Appropriate Signatures

Signature requirements vary depending on the type of contract the parties are entering. The contract does not have a binding affect without signature execution by individuals authorized to bind CSUSM Corporation. Individuals with delegated authority within a project, such as a sponsored project or a campus program, are not eligible to bind CSUSM Corporation. For more information on signature requirements, please email [corp@csusm.edu](mailto:corp@csusm.edu).

### (7) Other applicable items e.g.; Schedules, exhibits, etc.

All schedules, exhibits, amendments, or other documentation pertaining to the contract should be submitted with the request.

## E. Insurance, Endorsement, & Indemnification

In order to protect the CSUSM Corporation's resources and minimize its exposure to inappropriate liability and workers' compensation claims, CSUSM Corporation requires that all vendors with whom it contracts, assume as much liability as is reasonable for their activities and products, including those of their employees and subcontractors. CSUSM Corporation will coordinate with CSUSM Procurement to establish insurance requirements based upon the level of potential risk exposure to CSUSM Corporation, CSUSM, and its affiliates during the performance of a contract. In all instances, CSUSM Corporation shall recommend transferring as much liability as possible to the vendor for an activity that is not a routine part of its daily operations and/or is not primarily controlled and/or performed by CSUSM Corporation or CSUSM employees. Accordingly, the ability to waive any insurance requirements for CSUSM Corporation contracts is restricted to the discretion of the risk assessment and the CSUSM Corporation Executive Director.

If insurance, endorsement, and indemnification is accessible prior to the execution of a risk assessment, please include this in the initial submission for a contract.

### (1) Insurance requirements for contracts by Contract Type

#### Guest Lecturers / Independent Contractors

All Guest Lecturer and Independent Contractor requests will be reviewed by CSUSM Corporation and require CSUSM Corporation Executive Director approval.

#### Standard Projects including Services

Under the terms and conditions of an agreement, an outside organization, contractor, consultant or vendor is required to show evidence of adequate insurance coverage by furnishing a certificate or certificates of insurance that include additional insured endorsements to the CSUSM Corporation. Insurance requirements should be commensurate with the activities associated with damage to person or property. Based upon review of the scope of work, the contractor may be required to provide verification of general liability, auto, and workers' compensation coverage in the amounts required below. CSUSM Corporation, in conjunction with CSUSM guidelines, may determine that the activity,

although normally considered low risk, has a greater degree of exposure to risk. In such cases, the standard criteria may be applied.

In order to limit the CSUSM Corporation and CSUSM's liability, the minimum standard requirements are:

- i. **Vehicle Liability:** Not less than \$1,000,000 for injuries, including accidental death to any one person, and subject to the same minimum for each person, in an amount not less than \$1,000,000 for each accident, and property damage insurance in an amount of not less than \$1,000,000.
- ii. **General Liability:** Public Liability & Property Damage Insurance: Not less than \$1,000,000 per occurrence, \$2,000,000 aggregate and must include bodily injury, personal injury and property damage. Depending upon the event and/or services provided, higher coverages may be required.
- iii. **Workers' Compensation:** The standard is \$1,000,000 each accident, \$1,000,000 disease limit, and \$1,000,000 each employee. A Sole Proprietor with no employees is exempt from workers' compensation. This is considered high risk. In such a case, the CSUSM Corporation may require proof of health insurance with coverage breakdown.
- iv. **Endorsement:** An underwriter's endorsement to the policy that includes additional insured language. There are many endorsements available to meet the CSUSM Corporation's insurance requirement. Some sample Commercial General Liability endorsements include:

Preferred Endorsement - The preferred Additional Insured endorsement, Form CG 20 10 (11/85), is published by the Insurance Services Office (ISO). This form is commonly referred to as the "20 10 11 85." Basically, this form provides additional insured status for any liability (subject to the policy's terms and conditions) arising out of the named insured's operations. This would include liability during the construction process (known as premises and operations) as well as liability after the work is completed (known as completed operations).

Acceptable alternate endorsements

Insurance Services Office Form # CG 20 10 10 01 – Owners, Lessees, Contractors "ongoing operations" and "your work" (Stand-alone form)

Insurance Services Office Forms # CG 20 10 07 04 AND CG 20 37 07 04 – Owners, Lessees, Contractors

(Must have both to obtain same coverage as CG 20 10 11 85 or CG 20 10 10 01 endorsements)

- v. **Indemnification:** A completed and signed statement of indemnification and waiver of claim. *Contractor shall defend, indemnify and hold harmless the State of California, The California State University, the California State University San Marcos (CSUSM), the California State University San Marcos Corporation (CSUSM Corporation), the California State University San Marcos Foundation (CSUSMF), the Associated Students, Inc. (ASI), and each of their trustees, employees, officers, agents, and duly authorized volunteers individually and collectively from any and all claims, suits, actions, damages, judgments, and costs (including reasonable attorney fees), arising out of any: (i) damage, destruction or loss of any property (including but not limited to CSUSM's or CSUSM Corporation's property); or (ii) injury to or death of any person (including but not limited to any employee of CSUSM or CSUSM Corporation); which results from or arises out of negligent or willful acts or omissions of Contractor, its officers, agents and employees, in the performance of this Agreement.*
- vi. **Trades and licenses:** Trades and Licenses require verification of compliance with all licensing requirements and classification information as appropriate.

## (2) Additional Form Requirements (Low Risk & High Risk Projects Including Services)

Drug Free Workplace Certificate

Payee Data Form, (204)

Insurance Certificate and Endorsement, if applicable

### F. Agreement Process

New agreements, or existing agreements with new amendments, can be requested to CSUSM Corporation via the Contracts Request Form on the CSUSM Corporation website. For new agreements, the request must include a complete description, a detailed scope of work including deliverables, the term of the agreement, parties to the agreement/contract, complete vendor contact information, and other applicable items such as schedules and exhibits.

## V. Procurement Methods

The purchasing functions and guidelines have been established to serve CSUSM Corporation and its employees. The CSUSM Corporation is firmly committed to a program of “Best Value,” which considers all transactions from perspectives including quality, outreach to vendors, promotion of fair and open competition, and matching of products and services to the CSUSM Corporation’s needs.

### A. Purchase Orders

A purchase order is used when purchasing supplies and/or services from a vendor. A requisition, with an attached price quotation and/or other supporting documentation, is required along with the approval of the funding’s fiscal authority in order to create a purchase order.

- Additional price quotations may be required if CSUSM Corporation determines the goods or services have been repetitively purchased from the same vendor, or if the amount of the purchase calls for a more formal procurement process as outlined in section VI of these guidelines.
- Regardless of price, service vendors coming onto the CSUSM campus or affiliated properties to perform a service must be contracted by CSUSM Corporation via a purchase order and agreement. This requirement is to ensure all proper risk assessments, insurances and other necessary precautions are in place prior to the service transpires.
- For **Sponsored Projects**, the regulations for the procurement of services are governed by bid guidelines and thresholds established by either contract language or state and federal government regulations applicable to a grant/contract, or CSUSM Corporation, whichever is more restrictive. Subcontracts or consultant agreements must follow the procurement amount standards listed in the chart in section VI, and must provide a signed statement describing the qualifications of the person/company hired and/or the objective competitive process followed in selecting the person/company. If the grant or contract thresholds are stricter, then they supersede these guidelines. Services cannot begin until approved by CSUSM Corporation. For other CSUSM Corporation and Campus Support Programs - Competition is not required for services unless CSUSM Corporation determines that competition is necessary in order to develop sources, validate prices, or for other sound business reasons.
- For detailed information on the requisition and purchase order process, please refer to CSUSM Corporation’s [Requisition & Purchase Order Guidelines](#).

### B. Purchasing Cards (CSUSM Corporation ProCards)

- Use of a CSUSM Corporation ProCard is limited to small purchases for office supplies, small equipment, approved and budgeted large equipment, online orders, business meals, conference registration, and travel expenses for official business.
- Unallowable transactions include cash advances, purchases of capitalized equipment, personal expenses, purchases with contracted suppliers, and payment for services or personnel compensation.
- The ProCard is the personal responsibility of the cardholder.

- Refer to the [CSUSM Corporation ProCard Manual](#) for additional information on allowable purchases with a ProCard, how to obtain a ProCard, and ProCard usage guidelines.

### C. Petty Cash/Direct Pay Reimbursement

- The [Petty Cash form](#) should only be used for reimbursements under \$50. The Petty Cash form is submitted to [apcorp@csusm.edu](mailto:apcorp@csusm.edu)\*. Once approved, it is then returned to the individual who takes it to CSUSM Cashiers Office to receive their cash reimbursement.
- The [Direct Pay form](#) can be used to reimburse an individual from a department’s project without the establishment of a purchase order. This form should be submitted to [apcorp@csusm.edu](mailto:apcorp@csusm.edu)\*. Please refer to the form for a complete list of qualifying items.

\*Sponsored Projects require analyst approval from CSUSM Corporation before processing the Petty Cash or Direct Pay Forms.

## VI. Purchase of Equipment, Supplies and Services:

- Purchases of merchandise for resale, such as foodstuff, commodities, technical material, and supplies shall be approved by the CSUSM Corporation Executive Director, or designee, within the parameters of their respective operating budget guidelines.
- Purchases of Information or Computer Technology such as software, hardware, or any information technology or equipment that is used in the creation, conversion, or duplication of data or information require the completion of the Information Technology Review form (References, Section X) and approval from CSUSM IITS department.
- Purchases made from grant or contract funds may be made only during the term of the grant or contract or during an approved extension or renewal. The authorized signer should anticipate purchase requirements far enough in advance so that the purchasing process can be completed, the services rendered, and goods received prior to expiration of the term.
- Purchases of goods, services and equipment utilizing **Sponsored Project** funds may be subject to additional agency restrictions and should also adhere to the applicable requirements set forth in the funding agency award, or agreement.
- All purchases must be approved by the appropriate approving authority.
  - Sponsored Projects** Exception - A fully documented Sole Source/Brand justification is allowable in lieu of the three formal quotes if the vendor or subcontractor is named in an awarded **Sponsored Projects** proposal or budget. See Section VII for Sole Source and Sole Brand Purchases.

<i>Procurement For</i>	<i>Less than \$10,000</i>	<i>\$10,000 - \$49,999</i>	<i>\$50,000 - \$149,999</i>	<i>\$150,000 and over</i>
Goods / Services (including ITR*)	Competition not required, but informal solicitation recommended	At least two (2) informal quotes	At least three (3) formal quotes	Formal Solicitation

\*ITR –Information Technology Review. See Section X.

#### (1) Purchases under \$10,000

Price quotations are not required to be submitted.

#### (2) Purchases between \$10,000 and \$49,999

Requisition must include at least two informal quotes provided in written or electronic form from the suppliers and shall include applicable specifications, vendor name, address, telephone number, and total dollar amount. Documentation should be submitted when a requisition is generated and will be maintained with the purchase documents for audit purposes. Supplier Selection and Cost Justification form is required to be submitted with requisition.



(3) Purchases between \$50,000 and \$149,999

Requisition must include at least three formal quotes provided in written or electronic form from the suppliers. Formal Price quotes are required and must be approved by the Executive Director or designee. Quotes shall include applicable specifications, vendor name, address, telephone number, and total dollar amount. Documentation should be submitted when a requisition is generated and will be maintained with the purchase order for audit purposes. Supplier Selection and Cost Justification form is required to be submitted with requisition.

(4) Purchases greater than \$150,000

Purchases require a formal Request for Proposal (RFP) or Request for Quotation (RFQ) be issued. Alternatively a system-wide or publicly bid contract; or sole source may be used. Purchaser should consult with CSUSM Corporation and/or their Sponsored Project Analyst contact to determine the appropriate handling of the formal solicitation (bid) process.

Procurement "Claw" (Sections 200.317-326)

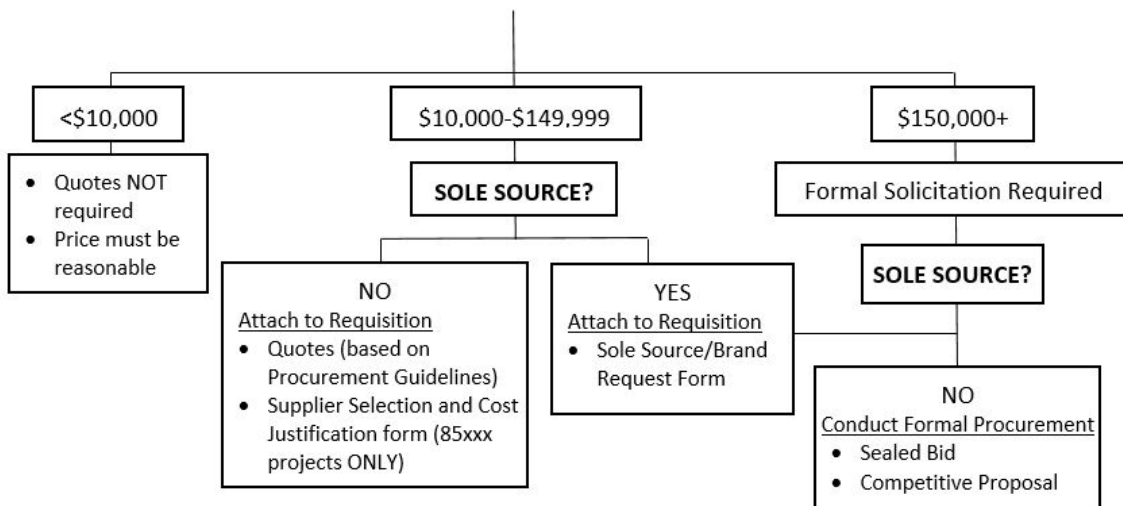


Formal Solicitation (bid) requests should include the following information:

- i. Clearly defined delivery terms and conditions
- ii. The method or formula for determining the lowest bidder meeting specifications
- iii. A reasonable amount of time for bidders to prepare and submit their bid response prior to the bid due date
- iv. The closing date and exact time of opening of sealed bids
- v. Notification that bids received after the closing date and time will not be considered

If, after reasonable effort, three bids cannot be obtained, a Sole Source/Brand Approval justification will be required. Additionally, requisitions that limit the bidding to one source and/or brand or trade name must include a written justification, approved by the CSUSM Corporation Executive Director or designee, explaining why the product specified is necessary for the successful completion of the requesting department's functions.

**Procurement Requirements Decision Tree**



## VII. Sole Source and Sole Brand Purchases

Sole source purchases on a non-competitive basis will require a Sole Source/Brand Request Form which includes written justification. The sole source/brand written justification should include:

- i. Unique performance factors of the products specified
- ii. Why these factors are required
- iii. What other products have been evaluated and rejected, and why
- iv. Special circumstances requiring immediate action

The Sole Source/Brand Request Form must be attached to the submitted requisition in PeopleSoft. For additional information on the Sole Source/Brand Request Form, and how to submit a requisition, visit References (Section X).

## VIII. SAM Clearance Process

CSUSM Corporation is prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred by the federal government. OSP will ensure compliance with this federal regulation with confirmation from the System for Award Management (SAM) (<https://www.sam.gov/portal/public/SAM/>). SAM will be checked before providing a subaward or executing an agreement under a federal award. A Supplier Selection and Cost Justification Form is required to be submitted for purchases of goods and services greater than \$10,000 which will include the SAM check upon submitting to OSP.

## IX. Uniform Guidance

The Uniform Guidance ([2 CFR § 200](#)) streamlines and consolidates government requirements for receiving and using federal awards so as to reduce administrative burden and improve outcomes. It was published in the Federal Register ([79 Fed. Reg. 75871](#)) on December 19, 2014, and became effective for new and continuation awards issued on or after December 26, 2014. Please note the new regulations do not affect grant funds awarded prior to December 26, 2014, unless funds made available under those grants are carried forward into a new Federal fiscal year or a continuation grant.<sup>1</sup>

Some of the general standards over procurement include<sup>2</sup>:

- i. Every non-federal entity receiving federal awards must have documented procurement procedures that reflect federal law, Uniform Guidance standards, and any state regulations.
- ii. Entities should focus on the most economical solution during the procurement process, and must avoid using federal funds for the acquisition of unnecessary items. Organizations are encouraged to consider the use of shared services and intergovernmental agreements to foster greater economy and efficiency.
- iii. Written conflict-of-interest policies are required. No employee or agent of the entity may participate in the selection, award, or administration of a contract funded by federal grant dollars if he or she has an actual or apparent conflict of interest.
- iv. The organization must document the procurement steps and activities required to be completed. This includes the basis for the type of procurement, contract type, and the basis for the contractor selection and price.
- v. Ultimately, the recipient of federal awards must maintain an appropriate level of oversight to ensure that contractors perform in accordance with the terms of their contract.

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<sup>1</sup> <https://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>

<sup>2</sup> <http://bakertilly.com/insights/understanding-procurement-changes-to-omb-uniform-guidance>

Procurement Standards are housed in the Post-Award Requirements of Uniform Guidance.

### [Procurement Standards](#)

[§200.317 Procurements by states.](#)

[§200.318 General procurement standards.](#)

[§200.319 Competition.](#)

[§200.320 Methods of procurement to be followed.](#)

[§200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.](#)

[§200.322 Procurement of recovered materials.](#)

[§200.323 Contract cost and price.](#)

[§200.324 Federal awarding agency or pass-through entity review.](#)

[§200.325 Bonding requirements.](#)

[§200.326 Contract provisions.](#)

## X. References

[CSUSM Corporation Public Relations Policy](#)

[CSUSM Corporation Conflict of Interest](#)

[CSUSM Corporation Definitions Page](#)

[CSUSM Corporation ProCard Manual](#)

[CSUSM Procurement Resources](#)

[CSUSM Corporation Project Agreement Form](#)

[CSUSM Corporation Requisition and Purchase Order Guide](#)

[Federal Regulations 2 CFR 200.317-.326 \[2 CFR 200 -- Procurement Standards\]\(#\)](#)

[Uniform Guidance Frequently Asked Questions](#)

[Sole Source/Brand Request Form](#)

[Information Technology Review Process & Form](#)

[CSUSM Corporation Procurement Policy](#)

[Terms & Conditions](#)

[Supplier Selection and Cost Justification Form](#)