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ASSOCIATED STUDENTS, INC.

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Administrative Policies

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**Policy 216 - Contract and Procurement**

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**PURPOSE:**

The Contract & Procurement Policy is established to guide the conduct of Associated Students, Incorporated (ASI) employees and agents who engage in the purchase of goods and services in support of ASI's programs, activities, and services. ASI's policies shall be in compliance with the regulations of California State University, Los Angeles, the CSU Chancellor, and the CSU Board of Trustees as well as all applicable State and Federal laws. It is the policy of ASI to procure only those items that are required to perform its mission and/or fill a bona fide need. Procurement shall be made with complete impartiality based strictly on the merits of supplier proposals and applicable related considerations such as quality of product or service, quantity needed, ability to meet specifications and timelines, sustainability, and compliance with applicable insurance requirements. The ASI Executive Director is responsible for overall administration of ASI's Procurement Program and its compliance with campus and system-wide policies. All ASI members, students, and staff engaged in soliciting, pricing, negotiating, awarding, and monitoring vendors, suppliers, and contractors must observe these written policies and procedures.

**REFERENCES:**

[CSU Contract and Procurement](#)

ASI Policy 021 - Record Retention

ASI Policy 210 Request for Payment Policy

ASI Policy 225 Signature Authorization Policy

CSURMA Insurance Requirements in Contracts Procedure Manual

**POLICY:**

1. **CONFLICT OF INTEREST:** No ASI Board member or employee may make or participate in the making of any decision in which the employee has a personal financial interest.
2. **PURCHASING CARDS:**
  - 2.1. Issuing Purchase Cards - Purchase Cards shall be requested using the Procurement Card Application form. The completed application shall be submitted to the ASI Executive Director for approval. To be eligible for the ASI Procurement Card, the requestor must be employed by Associated Students, Inc. full-time.
  - 2.2. Card Limits - The standard dollar limits for the Procurement Card are \$1500.00 per transaction and \$5,000.00 per month. Once the card is issued, should a greater limit be required, a written justification signed by the ASI Executive Director will be required.
  - 2.3. Cardholder Agreement - The cardholder shall be required to sign the Purchase Card Use Agreement Form, acknowledging familiarity with the rules and regulations in this policy. Cardholder will be required to attend a training meeting prior to receiving the card. Failure to attend training may result in the suspension or cancellation of the Purchase Card, at the discretion of the Executive Director.
  - 2.4. Surrender of the Purchase Card - The Purchasing Card shall be surrendered upon request from the Executive Director or when the relationship with Associated Students, Inc. is severed.

- 2.5. Conflict of Interest - In order to protect employees of ASI from charges of conflict of interest, purchases shall not be made from an organization in which an employee or officer of ASI has an economic interest, either direct or indirect. Such purchases may have the appearance of wrongdoing and should be avoided.

The remedy for the intentional use of the Purchase Card to defraud ASI or the University can include the reimbursement of such charges, Purchase Card suspension or cancellation, disciplinary action in accordance with the Education Code. Section 89535 (i.e., suspension, demotion, or termination) and/or criminal prosecutions. The remedies for negligent use of the Purchase Card can include reimbursement of unauthorized charges, Procurement Card suspension or cancellation, and/or disciplinary action in accordance with Education Code section 89535 (i.e., suspension, demotion, or termination)

Cardholders are delegated limited purchasing authority on behalf of the organization, and as such, have the responsibility to ensure that purchases made on their procurement card do not fall within the definitions of a conflict of interest. Conflict of Interest is defined as follows: "No employee of ASI, shall make, participate in making or in any way attempt to use his [or her] official position to influence a governmental [CSU] decision in which [s/he] knows or has reason to know [s/he] has a financial interest." Gov't Code § 87100.

NOTE: This prohibition applies to all ASI Members, students, and staff. A gift, gratuity, rebate (not issued in the name of University), kickback, rewards points/credit, or other incentive provided to a cardholder to influence or appear to influence the decision to make a purchase from a vendor is considered a conflict of interest purchase.

- 2.6. The Cardholder shall be responsible for:

- 2.6.1. Security of the Procurement Card. Do not lend your Procurement Card to another employee; Keep it in a secure/locked area; Do not email your statement with the account number visible.
- 2.6.2. Appropriate use of the Procurement Card.
- 2.6.3. Compliance with Procurement policies and procedures.
- 2.6.4. Submitting receipts for all purchases and any additional supporting documentation.
- 2.6.5. Certifying that all purchases are to be or have been used exclusively for official ASI business.
- 2.6.6. Resolving any questionable items or disputes that appear on US Bank Account Summary.
- 2.6.7. Providing receipts in a timely manner so we avoid possible late fees by the date set by the program administrator.
- 2.6.8. Notifying management of paperwork that needs to be submitted to the approving official during cardholder's absence from the office, unless the circumstances of the absence make it unreasonable to do so (e.g., serious illness).

- 2.7. Prohibited Use of the Card - Use of the Purchase Card for the goods and services listed below are prohibited:

- 2.7.1. Personal Purchases of any kind
- 2.7.2. Firearms & ammunition
- 2.7.3. Leases or building rentals
- 2.7.4. Alcohol and tobacco products
- 2.7.5. Narcotics and other controlled substances
- 2.7.6. Medical Services
- 2.7.7. Splitting purchases to circumvent the single purchase limit.

- 2.8. Card Purchases Requiring Pre-approval: The following purchases may be allowed with prior written approval by the ASI Executive Director:

- 2.8.1. Business related camp sites, amusement activities, and recreational services
- 2.8.2. Cash Advances or Cash Equivalents (Money, gift cards, etc.)

- 2.8.3. Food Items, which may require additional documentation such as hospitality form, food permit, etc.
- 2.8.4. Maintenance and/or Service Repair Agreements (individual one-time repairs under \$500.00 are acceptable if supported by insurance)
- 2.8.5. Equipment Over \$500.00
- 2.9. Process for Purchasing – The Cardholder may place orders by phone, facsimile, mail, internet, or walk-in. In all cases, the Cardholder shall require the vendor to itemize the receipt/invoice/packing slip with the following information:
  - 2.9.1. Vendor name and address
  - 2.9.2. Description of items purchased
  - 2.9.3. Quantity ordered
  - 2.9.4. Price per item
  - 2.9.5. Amount of sales tax or out of state use tax
  - 2.9.6. Shipping charges, if applicable
- 2.10. Providing Backup – Purchases made with Purchase Card must be accompanied by an approved invoice with all supporting documentation.

### 3. **Classification of Contracts**

(From [CSU Contracts and Procurement Policy](#)): This section articulates the CSU's requirements related to classification of contracts to ensure procurement and contracting activities comply with applicable regulations. Proper Classification of Contracts is necessary as a first step in determining which solicitation process is appropriate for the contract, and which elements (such as general provisions) are required to be in the contract. The classification of a contract is determined by the predominate purpose or value of the activity.

- 3.1. Goods Contract- This is a purchase that has as its sole or main purpose the buying of tangible items, such as equipment, parts, supplies, or other merchandise. If any services are to be provided as well, the dollar value associated with the purchase of the Goods must be greater than the dollar value of the services that will be provided. This classification of contracts does not include contracts for the acquisition of Information Technology Resources (ITR) Goods and Services or facility maintenance services.
  - 3.2. Information Technology Resources (ITR) Good and Services Contract- Information Technology Resources (ITR): Equipment, material and/or services used for electronic storage, processing or transmitting of any data or information, as well as the data or information itself. This definition includes but is not limited to electronic mail, voice mail, local databases, externally accessed databases, CD-ROM, recorded magnetic media, photographs, digitized information, or micro-imaging. This also includes any wire, radio, electromagnetic, photo optical, photo electronic or other facility used in transmitting electronic communications, and any computer facilities or related electronic equipment that electronically stores such communications. When determining whether a contract is for ITR, consider the predominant purpose or value of the activity, and whether information technology skills and knowledge are involved as the primary purpose of the contract or whether such knowledge or skills are used to further an overarching purpose.
  - 3.3. Services Contract- Service means any work performed by an independent contractor wherein the service rendered does not consist primarily of the acquisition of goods. This classification of contracts does not include contracts for the acquisition of ITR services or public works project agreements but does include contracts for maintenance tasks for the routine, recurring and usual work for the preservation, protection and keeping of any publicly owned or publicly operated facility.
4. **Service Contracts for Performers, Vendors, and Artists** - ASI has approved contract templates to be used for vendors, artists, and performers that provide a service. The contract outlines specific

terms, liability and insurance requirements, and other expectations of the performer/vendor/artist. The contract templates are reviewed annually to ensure the terms meet current CSU and ASI policies.

Contracts are legally binding agreements and as such, must be signed by the ASI Executive Director or staff who have been granted written authority to do so by the ASI Executive Director (see ASI Policy 225-Signature Authorization). ASI contract templates may not be used by clubs or University departments because the specific language is binding only for ASI and the contracted vendor/performer/artist.

5. **CSU Strategic Sourcing Options and Alternatives** – ASI may purchase items through existing CSU and State agreements. The types of agreements and contracts are outlined below and are defined in detail in the CSU Contracts and Procurement Policy. When purchasing goods or services with one of the CSU contracts below, competitive bids are not required. Use of Strategic Sourcing Options require the approval of the Executive Director.
  - 5.1. Master Enabling agreements
  - 5.2. Blanket Purchase Orders and Multiple Awards
  - 5.3. Master Pricing Agreements
  - 5.4. General Services Administration of the United States Pricing Schedules
  - 5.5. California Department of General Services Leveraged Procurement Agreements
  - 5.6. Cooperative and Consortium Purchasing Agreements
  - 5.7. Multi-Campus Collaborative Contracts
6. **Fair and Open Competition**
  - 6.1. ASI follows CSU policy and practices for promoting fair and open competition in the acquisition of goods and services to meet its needs (CSU Contracts and Procurement Policy). The ASI Executive Director and staff shall oversee the bid process, along with University guidance to ensure a fair and open process.
  - 6.2. Competitive Bid Process- A competitive bid is required for purchasing individual items, a combination of like items, or a service that costs \$5,000 or more.
    - 6.2.1. When a competitive bid is required, a minimum of three written quotes are required from different vendors.
    - 6.2.2. Acceptable written quotes include: An email from the vendor which includes a breakdown of charges by item as well as the total, An official vendor quote, or a quote generated from a vendor quoting system on a vendor's website
  - 6.3. Solicitation Methods – Several industry standard methods may be used for the solicitation of competitive bids such as: Invitation for Bid, Request for Proposal, Request for Quotation, and Reverse Auction.
    - 6.3.1. The method shall be articulated in a solicitation document that includes the details of the service or item to be purchased, timelines for submittal, and the criteria used to evaluate the bids/proposals.
  - 6.4. Determination of Award – The awarding of the contract after a competitive bidding process shall be in conformance with the evaluation process and methodology specified in the solicitation document. Only responsible and responsive firms may be awarded a contract. All bids/proposals may be rejected in any case where ASI determines that the bids/proposals received are not in the best interest of the Auxiliary. Awarding of the contract shall be approved by the Executive Director and the Board of Directors shall be informed.
7. **Sole Brand and Sole Source Procurement**

These methods should be used only when it has been determined that a competitive procurement

will not fulfill the needs of ASI. A requisition that limits the bidding to one source and/or brand or trade name must be justified in writing and approved by the Executive Director prior to the purchase.

- 7.1. Sole Brand and Sole Source Justification Memo—The Justification shall include the following:
  - 7.1.1. The unique performance factors required;
  - 7.1.2. Why these factors are required; and
  - 7.1.3. What other source/brands have been considered or rejected and why.
  - 7.1.4. Original sole source/brand documentation shall be retained with the purchase documentation in the ASI files.
  - 7.1.5. Sole source/brands purchases may NOT be justified on the basis of a lack of advance planning, lack of funding available for the acquisition of the item or using a previously bid contract or purchase order for a for the same product or service.
- 7.2. Sole Brand Approval Requirements –
  - 7.2.1. The sole brand product must be unique and essential to ASI's ability to provide the services and programs to the students of Cal State LA, and the above justification requirements have been fulfilled.
  - 7.2.2. The sole brand product is required to match other similar product already procured through a competitive process and the use of an alternate product would cause ASI to incur substantial additional costs.
  - 7.2.3. A sole brand procurement must be made via a competitive process. A sole brand available only from a single vendor is a sole source procurement subject to sole source requirements herein. The determination as to whether a procurement has been adequately justified for a sole brand award shall be made by the Executive Director.
- 7.3. Sole Source Approval Requirements –
  - 7.3.1. A sole source procurement made without appropriate competition is permitted only when a determination has been made and approved in writing that only one source exists for the required product or service.
  - 7.3.2. Addition of new work that was not within the scope of or incidental to the original contract scope of work, either as part of the base contract or as an option, requires sole source justification and approval.
  - 7.3.3. The sole source request must clearly demonstrate that there is only one source or only one supplier that can provide the goods or services to satisfy the requirements of ASI, and the justification requirements above have been fulfilled.
  - 7.3.4. Before a contract or purchase can be issued, the determination as to whether a sole source procurement has been adequately justified in writing shall be made by the Executive Director.
  - 7.3.5. Current insurance, if applicable, must be kept with the sole source documentation at the Cal State LA Business Financial Services Office. It is the responsibility of the department which submitted the sole source request to provide updated insurance certificates.
  - 7.3.6. An approved vendor shall be used as a sole source until the end of the current fiscal year in which it was authorized. At the beginning of each fiscal year, July 1st, a new memo must be prepared and authorized to continue the use of said vendor as a sole source for products or services.
- 7.4. Exceptions to Competition Requirements – The following transactions are not required to be competitively bid and do not require sole source or sole brand justification or approval:
  - 7.4.1. Emergency contracts which are necessary for the immediate preservation of the public health, welfare, or safety, or the protection of CSU property and programs (PCC § 1102, 10340(b)(1)):
  - 7.4.2. Equipment maintenance contracts for which there is only one authorized or qualified source required by the equipment manufacturer for the preservation of equipment warranty
  - 7.4.3. Proprietary software maintenance, annual license renewals, and/or upgrade contracts

- 7.4.4. Public entertainment contracts for performers for campus-sponsored fairs, expositions, exhibitions, plays, lectures, concerts, etc.
- 7.4.5. Contracts for conference or meeting facilities, including room accommodations for conference attendees.
- 7.4.6. Existing contract amendments or extensions
- 7.4.7. Subscriptions or licenses for online tools, resources, or technical services

## **8. Multi-year Agreements**

- 8.1. A multi-year agreement shall:
  - 8.1.1. Serve the best interests of ASI and the Student Body
  - 8.1.2. Contracts beyond one year shall include a provision stating that the continuation of the contract is subject to the approved annual budget
  - 8.1.3. Consider the expected changes in the applicable price levels throughout the term of the contract.
  - 8.1.4. Agreements must include terms for annual review and renewal, early termination, and means to modify or amend the agreement
  - 8.1.5.
- 8.2. Term - Multi-year agreements shall not exceed five (5) years. Agreements may include a clause for an extension at the end of the initial term, with written approval by both entities. Limitations on the number of extensions may also be included in the agreement.
- 8.3. Annual Review - Multi-year agreements shall be reviewed on an annual basis to determine which agreements are expiring so they may then be scheduled to be renewed, revised, or terminated. ASI shall maintain a running list of all multi-year agreements with the effective and termination dates.
- 8.4. Approval Procedures
  - 8.4.1. See Policy 225- Signature Authorization for ASI's designated agent of the corporation
  - 8.4.2. Agreements are typically initiated by the entity providing the service, goods, or lease and then reviewed, revised, and co-signed by the "contracting" entity.
  - 8.4.3. Agreements shall include an effective date and a termination date. When an effective date is stated, signature dates are not needed.
- 8.5. Multi-year agreements include:
  - 8.5.1. Memoranda of Understanding (MOU)
  - 8.5.2. Service agreements
  - 8.5.3. Leases for equipment or property

- 9. **Purchase orders** - ASI currently does not have a purchase order system.

## **10. VENDOR AND CONTRACT FILE RECORD KEEPING**

- 10.1. ASI shall maintain all financial records in accordance with ASI's Policy 021 Record Retention Policy.
- 10.2. Tax Reporting Forms - A completed Vendor Data Record (CA Department of General Services Standard Form 204 may be used as a model for the required data) or W-9 form is required whenever ASI engages in a transaction that leads to a payment to any individual or entity. Data may be submitted in hardcopy or digitally. VDR and W9 forms contain personally identifiable data and shall be handled with care and confidentiality in accordance with campus policies and procedures.

### **Policy History:**

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