

## Summary of Proposed Action ND State Board of Higher Education Meeting – February 22, 2018

1. **Issue:** Proposed changes to SBHE policies 803.1 – Purchasing and 803.2 – Emergency Purchasing. The proposed changes would become effective on July 1, 2018.

2. **Proposed actions:** Approve changes, effective July 1, 2018, to SBHE policies [803.1](#) – Purchasing and [803.2](#) – Emergency Purchasing.

3. **Background information:**

Recently, the North Dakota University System and the Office of Management & Budget (OMB) agreed to explore the possibility of synchronizing procurement bidding thresholds for goods and services. Additional goals included improving consistency in procurement practices, enhancing compliance with laws and procedures, and sharing resources between the two organizations. A working group was formed with institution procurement officials, OMB's State Procurement Office employees and NDUS Office staff. The group studied current policies, procedures and practices across the NDUS and at other state agencies. Results of the group's work are reflected in the proposed changes to SBHE policy 803.1 and policy 803.2 as follows:

- **Policy 803.1:** The proposed changes clarify the statutory authority surrounding cooperative purchasing agreements, move public improvement statutory reference from section 8 into Procedure 803.1, section 3(d)(ii), and correct various abbreviations and wording.
- **Policy 803.2:** This policy is eliminated. Necessary language was moved to Procedure 803.1(7).

Changes to NDUS procedure [803.1](#) – Purchasing were also recommended by the working group. This procedure was approved by the Chancellor and Chancellor's Cabinet on February 7, 2018. No further action is needed by the SBHE. The changes are summarized as follows:

- **Procedure 803.1:**
  - Clarifies definitions, procurement department responsibilities, and procurement officer responsibilities
  - Streamlines procurement thresholds by merging the separate commodity and service thresholds currently in place. This effectively increases the thresholds for commodity purchases to the existing service procurement levels.
  - Clarifies documentation requirements and reduces use of the Alternate Procurement form.
  - Increases the number of informal vendor quotes required for purchases between \$10,000 and \$50,000 from "more than one vendor when feasible" to "at least three".
  - Recommends but does not require use of OMB's online procurement system, SPO Online, for purchases between \$10,000 and \$50,000.
  - Requires use of the State's online procurement system, SPO Online, for purchases greater than \$50,000. Institutions may send to additional vendors. An alternate procurement form is required if SPO Online is not used.

- Identifies sources from which purchases may be made without obtaining competition.
- Clarifies documentation requirements and necessary approvals for purchases conducted without seeking competition.
- Defines emergency purchases in accordance with statutory language.
- Removes duplicative bidder preference language already addressed in section 3 of the procedure.

These policies and procedures would be implemented effective July 1, 2018. Delayed implementation provides time for identifying all existing cooperative purchasing agreements, creating documentation templates and training of procurement officials.

- 4. Financial implications:** Increasing procurement thresholds for commodities will reduce the number of procurements, thereby saving staff processing time. Increased competition from increased use of SPO Online and the State Bidders List is expected to improve bid prices.
- 5. Legal/policy issues:** Enhanced compliance with procurement laws and SBHE policies & procedures.
- 6. Academic issues:** None
- 7. Coordination:** NDUS Senior Staff, Administrative Affairs Council
- 8. Attachments:** [NDUS Procurement Threshold Summary](#)
- 9. Contact information:** Tammy Dolan, Chief Financial Officer, [tammy.dolan@ndus.edu](mailto:tammy.dolan@ndus.edu), 328-4116
- 10. Chancellor's recommendation:** Approve