Procedure No. 500.1

Area: Business Services

Adopted: December 4, 2001

Revisions Adopted: June 9, 2016

SUBJECT: Authority and Regulations for Purchases Requiring Board Approval

A department should follow the following procedure when initiating a purchase for over $50,000 to inform the Board of Trustees:

1. Inform the Vice-President for Finance and Administration and/or CFO by preparing a brief narrative statement including the funding source. The statement need not identify specific models or exact costs, but rather explain the acquisition and the rationale for the intended purchase. Send a copy of the statement to the Vice President’s Office and the Purchasing Office.

2. The narrative statement provided should address the following areas (example included):
   a. Description of the proposed purchase,
   b. Statement of need or justification;
   c. Alternatives, if any;
   d. Implication if not acquired;
   e. Impact on academic program(s) or University;
   f. Costs and/or savings;
   g. Equipment replaced, if any;

   The following example is a statement concerning the hypothetical acquisition of computer equipment:

   The proposed purchase involves the acquisition of three controllers to replace existing equipment. The controllers being replaced were purchased ten years ago and are now technically obsolete. Repair of the equipment is expensive, and parts are increasingly difficult to obtain. In order to provide the necessary reliability, the equipment would have to undergo extensive factory refurbishing at an estimated cost of $75,000. This, however, would not solve the continuing problem of repair and parts availability. Even with extensive refurbishing, it is not likely that the controllers could be utilized for two more years. Recognizing the age of the equipment, the continuing difficulties associated with maintenance and repair, the cost of refurbishing and the expected useful life, it is not appropriate to spend $75,000 in an attempt to maintain the existing equipment. Approval is requested to replace the controllers at an estimated cost of $150,000. Funding for the acquisition will be generated by user charges over a three-year period. Sale of the existing equipment is expected to yield approximately $10,000.
which will be used to underwrite a portion of the purchase. All purchases should be processed according to Policy 504.

APPLICABILITY: This policy applies to all University staff, faculty and students.