Northeast Higher Education District

Purchasing Procedures

To maintain compliance with IRS code, Minnesota state law, and Minnesota State policies and procedures, the Northeast Higher Education District colleges (NHED) and the Northeast Service Unit (NESU) have adopted the Minnesota State procedures for purchasing and enforce the following purchasing procedures, in accordance with Minnesota State procedure 5.14.5 Purchasing.

Minnesota State Procedure 5.14.5 Purchasing

Purchasing Authority:

NHED and each individual college have authority to make purchases up to $100,000. Purchases over $100,000, other than the exceptions noted in Part 4, subpart D of Minnesota State procedure 5.14.5, must be reviewed and approved by the vice chancellor-chief financial officer. Purchasing contracts requiring vice chancellor-chief financial officer approval include consecutive single-year contracts with the same vendor and contracts with amendments which, when added together, exceed $100,000. Purchasing contracts of any value with a term in excess of five years require approval by the vice chancellor-chief financial officer.

Purchasing Requirements:

Purchases of $25,000 or less
If the amount of the purchase is estimated to be $25,000 or less, the purchase may be made in the open market.

Purchases over $25,000 to $50,000
If the amount of the purchase is estimated to exceed $25,000 but not to exceed $50,000, the purchase may be made either upon sealed bids or by direct negotiation by obtaining two (2) or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. Bid solicitation or quotes are not required for purchases from Minnesota Department of Administration master contracts, MN.IT Services master contracts, Minnesota State master contracts, or through cooperative purchasing agreements listed on the system’s official web site and authorized for use by NHED and its colleges.

Purchases over $50,000
If the amount of the purchase is estimated to exceed $50,000, sealed bids shall be solicited by public notice as provided in Part 7 of Minnesota State procedure 5.14.5. Bid solicitation is not required for purchases from Minnesota Department of Administration master contracts, MN.IT Services master contracts, Minnesota State master contracts, or through cooperative purchasing agreements listed on the system’s official web site and authorized for use by NHED and its colleges.

For proposed single-source purchases of goods and services over $50,000, the request form for single-source exception must be completed.
Purchases over $100,000
Purchases over $100,000 require written approval from the vice chancellor-chief financial officer. Exceptions to this requirement are allowed for the following types of purchases where the value of the purchase is less than or equal to $500,000.

1. Utility services provided annually where no competition exists or where rates are fixed by law or ordinance.
2. Merchandise purchased for resale.

Vice chancellor-chief financial officer approval is not required for blanket encumbrances established for purchasing card programs; however, individual purchases made using purchasing cards are subject to the purchasing requirements within part 4 of Minnesota State procedure 5.14.5.

Encumbrance:

In agreement with part 5 of Minnesota State procedure 5.14.5, funds must be encumbered prior to making an obligation. An expenditure or obligation authorized or incurred prior to encumbering funds is in violation of state law and ineligible for payment until made valid. In these cases, the 16A Purchasing Violation Form must be completed.