
2311 PROCUREMENT OF EQUIPMENT

Effective: September, 1990
Revised: October, 2007
Last Reviewed: April 2018
Responsible Office: Purchasing Services
Approval: Treasurer

PURPOSE

To ensure the most cost effective method of acquiring equipment, i.e., purchase or lease.

POLICY

1. The Vice President for Finance/Treasurer has the authority and responsibility to determine the most appropriate method of acquiring equipment, i.e., purchase or lease (capital & operating) of \$100,000 or more. The Vice President for Finance/Treasurer also has the responsibility to evaluate each external third party lease over \$100,000 for proper accounting and reporting treatment (i.e. capital or operating).
2. Purchasing Services has the authority and responsibility to review and execute all supplier leased contracts on behalf of the University.
3. Purchasing Services is responsible for maintaining copies of all fully executed external supplier third party lease contracts.
4. While it is not recommended, external third party leases are permitted only when the Office of the Treasurer determines that economic benefits will be realized. Such benefits may include lower cash payments, beneficial financing terms, and/or decreased risk, e.g. obsolescence, assumed by the University. However, generally third party leases are not cost effective and, in the case of capital leases, create reporting requirements. Outright purchase is the most preferred method of acquiring equipment.
5. Purchase/lease of individual items of equipment in amounts of \$100,000 or more require the written approval of the Vice President for Finance/Treasurer. Purchase/lease in excess of \$1,000,000 requires Trustee approval.
6. The procurement of equipment via an external third party lease with a total lease payment cost of \$5,000 or more is subject to the University's competitive bidding policy and request for equipment lease approval procedure.
7. A University purchase order must be issued for lease payments for each fiscal year to cover the full term of the lease contract period.
8. In the event of a department audit, the ordering department must be able to produce the a copy of the original fiscal year purchase order with all supporting

documents and all subsequent fiscal year purchase orders that cover the full term of the lease agreement.