**800.0 Preparing the Contract**

A written contract is required for all purchases over $5,000. The contract may be in the form of a Departmental Purchase Order (DPO) or a Contracted Services Agreement (CSA), depending on the supplies or services to be acquired. Departments are not authorized to use any other form of contract without obtaining prior approval from Procurement Services and MSU Legal Counsel. If a vendor suggests another type of contract, departments must contact Procurement Services. The DPO and CSA forms contain terms and conditions that are applicable to MSU issued contracts and are favorable to the University.

Purchases using state-wide or university-wide term contracts do not require an additional agreement as provided in this Section 800.00.

Departments are encouraged to use the Purchasing Card. If the total contract value exceeds $5,000 contact Procurement Services to request a one-time increase in your P-card limit to complete a purchase. If a purchasing card is used, a contract is not required, but should still be used when appropriate.

For purchases issued by Procurement Services, it will determine the appropriate contract form, such as a Purchase Order, Purchasing Agreement, CSA or contract resulting from an RFP.

Sections 340.00 and 700.00 of these Policies provide lists of purchases which are exempt from the delegated authority and/or competitive purchasing provisions of these Policies. Notwithstanding those exemptions, purchases of the goods and services listed below ARE subject to the provision of this Section 800.00 unless a department establishes written procedures approved MSU Legal Counsel for contracting for the exempt items listed below.

Exempt procurements subject to this Part 800.00:

Books & Periodicals only available from a single supplier

Subcontractors associated with specific research grant programs, if subcontractors are specifically named

License agreements for electronic publications including licensed library materials, journals (scientific, technical, or medical) journal articles, periodicals, and course packs

Training

Training and conference space rental and catering

Fresh fruits and vegetables

Foods produced in Montana

Employment of: Registered professional engineer or architect, surveyor, or real estate appraiser Physician, dentist, pharmacist, or other medical, dental, health care provider, expert witness hired for use in litigation, hearings officer, or attorney as specified by executive order of the governor, consulting actuaries, private investigator, or claims adjusters.

Renewal of software license agreements

Purchase or renewal of maintenance agreements for software or hardware

Advertising placed in publications or on radio, television, or other electronic means

Expenditures of, or the authorized sale or disposal of equipment purchased with, money raised by student activity fees designated for use by the student associations of the university system;

A private consultant employed by the student associations of the university system with money raised from student activity fees designated for use by those student associations;

**810.00 Departmental Purchase Orders (DPO) and P-Cards**

1. The MSU Departmental Purchase Order (DPO) form is available from Procurement Services.  The form will be available in electronic form. (See [Appendix D)](http://www.montana.edu/policy/documents/purchasing/Attachments/AppendixD.doc)
	1. Use of a Departmental Purchase Order is recommended for purchases of supplies with a total contract value up to $5,000, unless you use the Purchasing Card or a Contracted Services Agreement (CSA). Departments are encouraged to use the Purchasing Card.
2. Use of a Departmental Purchase Order or P-Card is required for purchases with a total contract value over $5,000, unless the Department issues a CSA. The SPB requires a written contract for all purchases over $5,000.
3. The DPO and P-Card incorporates MSU-Bozeman's Standard Terms and Conditions or P-Card negotiated Terms and Conditions for purchases with a Total Contract Value of $25,000 or less (see [Appendix AB](http://www.montana.edu/policy/documents/purchasing/1800/PD-78%20MSU%20Standard%20Terms%20Conditions.docx)). Departments are not authorized to negotiate the Standard Terms and Conditions. MSU Legal Counsel must approve any changes to the Standard Terms and Conditions, prior to contract award.
4. Departments must send copies of DPO's to Procurement Services with payment. Departments should retain copies of DPO's in their Department's files in accordance with policy established by the State Records Bureau.
5. The DPO provides the following benefits:
* A written record that legally binds the buyer and seller.
* Provides the Standard Terms and Conditions that are applicable to purchases up to $25,000. These terms and conditions are favorable to the University.
* Provides a unique DPO number, which should be referenced on all correspondence.
* Identifies the index number and person authorizing the order.
* Provides a complete shipping address and ensures delivery of the merchandise to the proper location
* Many suppliers require an official purchase order.

**820.00 Contracted Services Agreement (CSA)**
Departments are authorized to purchase services within their delegation authority. However, Departments must issue a CSA when buying services, if the total contract value exceeds $5,000. The CSA template is located at [Appendix Y](http://www.montana.edu/policy/documents/purchasing/1800/PD-49%20Contracted%20Service%20Agreement%20Template%20with%20Instructions.doc). Departments are not authorized to negotiate the Terms and Conditions in the CSA template. MSU Legal Counsel must approve all changes prior to contract award. For services funded by Office of Sponsored Programs, a CSA is required for all purchases with a total contract value of $5,000 or greater and OSP must sign the contract prior to award.  Please refer to [Appendix W](http://www.montana.edu/policy/documents/purchasing/Attachments/AppendixW.pdf) for specific procedures and [Appendix X](http://www.montana.edu/policy/documents/purchasing/1800/PD-52.doc) for the Independent Contractor Checklist.

NOTE: A fully executed CSA must be authorized (signed by all parties) prior to commencement of work.

The CSA provides the following benefits:

* A written record that legally binds the University and the Contractor.
* Provides terms and conditions that are favorable to the University.
* Provides a unique contract number (over $25,000), which should be referenced on all correspondence.
* Identifies the Contractor and the person who authorized the contract.
* Defines the scope of work, period of performance, and payment terms, etc.
* Many contractors prefer an official contract.

**820.10 Special Procedures for Office of Sponsored Programs Purchases**
Purchase Requisitions: Instructions for obtaining appropriate signatures on the Purchase Requisition are located in [Appendix E](http://www.montana.edu/policy/documents/purchasing/1800/Appendix%20E.docx).

Contracts valued at $5,000 or more: Contracts with a total contract value of $5,000 or higher, must be approved and signed by Office of Sponsored Programs prior to performance. This gives OSP an opportunity to verify contract compliance. Refer to [Appendix Z](http://www.montana.edu/policy/documents/purchasing/Attachments/AppendixZ.doc) for the CSA Routing Slip to ensure proper signatures are on the CSA.