106 PROCUREMENT OF EQUIPMENT

I. PURPOSE

Ensure the most cost-effective method of acquiring equipment, *i.e.*, purchase or lease.

II. POLICY

A. The Vice President for Finance and Administration has the authority and responsibility to determine the most appropriate method of acquiring equipment, i.e., purchase or lease (capital & operating) of $25,000 or more. The Vice President for Finance and Administration may evaluate each external third-party lease over $25,000 for proper accounting and reporting treatment (*i.e.*, capital or operating).

B. Procurement Services has the authority to review all vendor leased contracts on behalf of the College.

C. Procurement Services is responsible for maintaining copies of all fully executed external vendor third party lease contracts.

D. While it is not recommended, external third-party leases are permitted only when the Division of Finance and Administration 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 College. Third-party leases may be cost prohibitive and, in the case of capital leases, create reporting requirements.

E. The procurement of equipment via an external third-party lease with a total lease payment cost of $2,500 or more is subject to the College's competitive bidding policy and request for equipment lease approval procedure.

F. A college purchase order must be issued for each fiscal year to cover the full term of the lease contract period.

G. In the event of a department audit, the ordering department must be able to produce 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.