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July 1, 2019

TO: Chancellors, Chief Finance Officer

FROM: James R. Johnsen

A handwritten signature in blue ink, reading "James R. Johnsen".

SUBJECT: Procurement Restrictions

Due to the current uncertainty around the fiscal year 2020 budget, effective immediately, all procurements/contracts for goods and services on unrestricted funds (including Procard purchases) are subject to review and approval prior to encumbrance. The purpose of this review is to ensure that only essential goods and services, those that are necessary to meet immediate, critical missions and functions, are purchased until there is more certainty surrounding the FY20 budget. Procurements for non-essential goods and services are not authorized until further notice.

The Chancellor at each university, and the Chief Finance Officer at statewide (or their delegates) are authorized to determine which purchases are deemed essential.

Due to the grave financial situation, the authorized officers are expected to exercise professional judgement and to be as conservative as possible when determining which purchases are essential.

Among the factors to be considered when determining what is essential:

1. A "must have" to deliver instruction and research.
2. A direct bearing on the safety, health, and well-being of humans and animals.

3. To facilitate compliance with a law, regulation, or covenant, e.g. external audit.
4. To facilitate basic operating functions, e.g., utilities, IT Network.
5. A critical item for which a delay in replacement or renewal could incur a significant downstream cost. (It is recommended that the user or procurement officer contact the vendor to determine if there is a grace period or alternative method that could be used to postpone the purchase while limiting the downstream risk.)

The approving officers in the system office and at each campus shall ensure that their cognizant procurement offices are notified that an unrestricted fund purchase has been deemed essential and is approved for encumbrance.

As noted above this guidance is applicable to procurements for unrestricted funds only.

Essential procurements may be authorized/renewed immediately.