

# Wilberforce University

Policy number: 3220

Subject: **Procurement Policy**

Date effective: July 1, 2007

Authority: Internal Revenue Service; Vice President for Administrative and Financial Affairs

References: Office of the University Controller

## 3202.1 **General Expenditure Guidelines**

The Provost, Vice Presidents, Directors and Deans are responsible for assuring that within their departments:

- a. all proposed expenditures are consistent with all university policies and federal and state regulations.
- b. funds are in the budgets of their departments to support a proposed expenditure.
- c. all expenditure documents are signed by an authorized individual.
- d. all personal reimbursements have been approved by the supervisor of the employee seeking reimbursement.
- e. all expenditures follow appropriate university policies, regardless of the source of funds, unless specifically exempted by an external agency, grantee, or donor.
- f. Grant expenditures are expected to follow University policy as well as grantee.
- g. the business purpose of every expenditure is appropriately documented on the invoice or payment request
- h. itemized receipts are included to document all expenditures.

All requests for personal reimbursement must be made within 30 days of the date the expenditure was incurred. There will be no exceptions.

All transactions are subject to appropriate review and/or audit by the University Controllers Office in order to ensure compliance with university policies and procedures, state, federal, and local laws and regulations and constraints imposed by agencies and donors. Violations of the expenditure guidelines can result in revocation of purchasing privileges and/or other disciplinary measures.

Additional guidelines for student organizations are specified in the Student Handbook as administered by the Office of Student Activities.

## 3302.2 **Alcohol Purchases**

As a general rule, purchases of alcoholic beverages should not be charged to university funds. However, if the base price of a ticket for a conference or other event includes alcohol or entertainment, then the expense is permissible.

## 3202.3 **Additional Approval for Purchases > \$25,000**

Any University purchase that exceeds \$25,000 in the aggregate, must submit a minimum of three competitive bids to the VP of Administrative and Financial Affairs for formal signature approval. Once the vendor has been decided the requisition order should be entered into the Banner system for normal approval process. Evidence of the three competitive bids must be retained by

the purchasing department who will be expected to furnish copies of these competitive bids for audit purposes as requested.

- ❖ Any University purchases that exceed \$100,000 must have Presidential approval. The request must be approved before a purchase order is issued or a contract is signed.
- ❖ Any University purchases that exceed \$500,000 must have Board approval. The request must be approved before a purchase order is issued or a contract is signed. Finance and Audit Committee meetings generally are conducted in November and May. Adequate time must be allowed for an item to be placed on the agenda.

#### **3202.4 Meals, Food and Refreshments**

In the normal course of events, university employees are expected to pay for their own meals and refreshments and to bear the cost of entertaining. However, there are occasions when university purposes are served through these activities. In such cases, as defined below, it is appropriate to use university funds to pay for such expenditures. However, such expenditures ought to be managed carefully to minimize the cost to the university. This principle suggests that such expenditures ought to be infrequent, modest in cost, and with a clear business purpose. In general, preference should be given to using campus facilities rather than restaurants, when ever possible. Normally, the required business purpose implies a specific agenda.

The university will pay for pre-approved and properly documented business meal expenses that are incurred. While tips for business meals are allowed, tips must be reasonable and are not to exceed approximately 15 percent and in the case of mandatory gratuity, it shall not exceed 20 percent.

#### **Off Campus Business Meals**

1. Employees traveling away from campus on business but do not require an over night stay will be responsible for their own meal expenses. Meals while traveling are reimbursed if appropriate documentation has been obtained and the business purpose and meal participants are well documented. See the University's Travel Policy for further details.
2. An itemized receipt is required. Internal Revenue Service rules on substantiation of business expenses require documentation of the time, date, place, business purpose, and attendees at the meal. Employees should note that the documentation requirements apply to all on-campus and off-campus business meals, regardless of the payment method. Accordingly, all meals charged to departmental accounts require documentation. No reimbursement will be made with only a summary receipt.
3. The university will deny reimbursement for meal expenses that lack documentation or a clear business purpose. Gatherings that are primarily social in nature do not qualify for payment or reimbursement as business meals. However, occasional meals provided as part of a university function may be permitted. Please contact the University Controller or VP for Administrative and Financial Affairs for prior approval.

#### **Meals, Food and Refreshments on Campus**

4. Wilberforce operating funds may be used to provide food/refreshments at a seminar, retreat, workshop, orientation, or other university function. Documentation for these expenditures should include a brief description of the business purpose of the gathering. When food service is used, care should be taken to keep the price of food/refreshments consistent with the purpose of the event.
5. The University contracts with ABL to provide dining services on campus. The services of the contractor should normally be utilized for meals, catering, and special events when held in any facility on campus. The following exceptions apply to this requirement:
  - a.) Food and non-alcoholic beverages may be brought to departmental offices for private events such as birthday, promotion, and retirement parties. Due to state of Ohio and Greene County health policies and university liability concerns, employees may not provide food for any event that involves persons outside the immediate department or division.
  - b.) University sanctioned organizations may sell cookies, cakes, popcorn, and other similar food items when in accordance with Greene County health policies.
  - c.) University organizations may seek approval to reserve outdoor space and provide food/refreshments for special outdoor events that are open to all students, in accordance with Greene County health policies.
  - d.) Additional exceptions may be approved by the Vice President for Administrative and Financial Affairs.
6. When meals are served, university representation should be limited to those persons necessary to the event.
7. Requests for additional information about food service for university functions should be directed to the VP of Administrative and Financial Affairs.

**b. Food Service at Non-university Functions**

University funds may be used to pay for registration fees for conferences, seminars, or other meetings that provide meals and/or refreshments during the program. However, if a non-overnight program specifies that a meal is "on your own," the university will not pay for the meal or reimburse the employee.

**3202.5 Caps and Gowns**

- a. Renting, purchasing or cleaning caps and gowns is a personal expense and cannot be charged to university funds except under the following circumstances:
  1. Academic regalia may be provided at no charge to speakers and honored guests who receive no compensation for their teaching services.
  2. Academic regalia may be provided to students who voluntarily serve as Faculty and Ph.D. Marshals or invited musicians during the Commencement ceremonies, and other protocol events.

3. The cost of cleaning university-owned academic regalia may be paid with university funds to ensure the proper maintenance of the robes and hoods.

### 3202.6 Departmental Purchase Orders and Purchase Requisitions

- a. In order to obtain the most favorable pricing and terms, and to comply with various legal requirements, all goods and services shall be acquired through the use of a Purchase Requisition.
- b. From time to time, the purchasing department is able to obtain favorable pricing for frequently purchased goods and services. Examples include office supplies, computers, and temporary help.

### 3202.7 Disallowable Expenditures

Expenditures for gifts, donations, or personal expenses are **not** permitted. The prohibition of expenditures for gifts does not preclude the purchase and distribution of promotional items already budgeted. Modest expenditures for recognition of students, friends of the university or meritorious service by employees **may be made** if approved by the VP of Administrative and Financial Affairs.

Examples of prohibited expenditures include purchases for flowers etc. for births, deaths, and hospital stays; coffee and water purchased for employee consumption, microwave ovens and refrigerators (except in common areas set aside for such uses), radios, and television monitors. The VP of Administrative and Financial Affairs may grant exceptions to this policy if they are presented evidence of clear business purpose. A written justification stating the business purpose must be attached to the transaction documentation and signed by the Provost or appropriate Vice President.

### 3202.8 Financing

Since a commitment to finance an acquisition entails a commitment against a future year budget, the VP of Administrative and Financial Affairs of the university must approve any installment purchase or capital lease. A request to finance such an acquisition generally should include such information as purpose/use, technological obsolescence, useful life, funding source of debt payments, annual maintenance or other ongoing costs, and scrap value. The requestor should contact the Controllers Office if such needs arise.

### 3202.9 Memberships

- a. The university may pay for individual professional memberships to organizations that do not offer institutional or corporate memberships, if the employee's supervisor approves the membership.
- b. A request for payment of a membership that does not clearly indicate an institutional membership must meet the following guidelines:
  1. The membership is clearly in the best interest of the university.
  2. An institutional or corporate membership is not offered by the organization.
  3. The membership is linked to an official university title or responsibility (i.e., specific office, duty, function) rather than to the person holding the title or having the responsibility.

4. Publications (journals, newsletters, etc.) that are a benefit of a membership should be available, whenever possible, for use by the other employees in the unit.

#### 3202.10 Personal Credit Cards

- a. Reimbursement for expenses incurred on an employee's personal credit card while he/she is conducting authorized university business can be claimed only when the expenses meet university guidelines.
- b. When an employee uses a personal credit card for travel expenses while he/she is on authorized university business, the expenditures must follow university regulations as defined in Travel Policy 3210.

#### 3202.11 Personal Services

- a. Internal Revenue Service regulations require Wilberforce University to classify properly any individual providing personal services to the university as either an employee or an independent contractor. The distinction between an employee and an independent contractor focuses primarily on the amount of control the university has the right to exert on the individual. If the work arrangement permits the university to tell the individual where, when, and how to perform a job, then the individual is classified as an employee. If the work arrangement exerts a relatively low degree of control, then the individual is classified as an independent contractor. All individuals providing services to the university must be paid directly by the university. If an employee pays another individual to provide services, the university will not reimburse the employee for those expenditures.
- b. The University Controllers Office processes payments to employees of the university; withholds federal, state, and local taxes, retirement contributions, and other applicable withholdings; and, reports the payments on Form W-2. The Accounts Payable department processes payments to independent contractors, generally withholds no taxes, and reports annual payments of \$600 or more on Form 1099-Misc. Final determination of classification resides with the Controller's Office.

#### 3202.12 Petty Cash Funds

- a. **Policy.** Petty cash funds may be established in certain departments at the discretion of the university controller for small or emergency authorized purchases or for making change for customers. A petty cash fund should be utilized only when normal university purchasing procedures will not work.
- b. **Definition.** Petty cash funds are small cash funds established for and controlled by various university functional areas to enable the reimbursement of small allowable, non-routine disbursements outside the established purchasing procedure. Petty cash funds also may be required for making change for customers. Petty cash funds are not part of any bank balance and are not represented as a claim on cash.
- c. **Prohibited Uses.** The following list of prohibited uses is not meant to be all-inclusive.
  1. Unauthorized business expenses
  2. Loans
  3. Travel advances to employees
  4. Personal or third party check cashing
  5. Stipends (unless specifically authorized by the Office of the Controller)
  6. Meals
  7. Transactions over \$100 (splitting one transaction over \$100 into two or more parts is specifically prohibited)
  8. Office Refreshments (i.e. water, coffee, snacks etc)

The university is exempt from state sales tax. No reimbursement will be made for sales tax paid.

**d. Maintaining a Petty Cash Fund**

1. A designated, responsible person other than the custodian must authorize all purchases.
2. Petty cash may be used to reimburse authorized expenditures up to \$100 per transaction. No money should be disbursed from the petty cash fund to reimburse a person unless an original receipt is presented. Receipts should include the amount of reimbursement, a description of the business purpose, goods or services purchased, and the date.

The only exceptions are in cases of expenses incurred where no receipt is issued (e.g., parking meters, parking) and in the instance of a lost receipt for a minimal pre-approved purchase. In those cases, a written note on how the funds were expended is required. The person who made the expenditure and the department manager or designee tasked with approval must sign and date the note.

3. The petty cash fund should be reconciled monthly with the Controller's Office by the fund custodian with signature and date of approval. The reconciliation documentation then should be reviewed by the department head or dean or designee with signature and date of review. At all times, the cash on hand, the receipts on hand, and the replenishments in transit should equal the authorized amount of the petty cash fund. When balancing the fund, the following steps should be taken:
  - a.) Count the cash on hand.
  - b.) Total the receipts on hand.
  - c.) Add replenishments in transit.
  - d.) The total petty cash (cash on hand, receipts on hand, and replenishments in transit) should equal the total original balance of the fund.
  - e.) The difference is either a shortage or overage and should be made up or returned when the fund is replenished, after following the proper guidelines.
  - f.) Reconciliation example

1. Cash on Hand	\$ 25
2. Receipts on Hand	\$ 10
3. Replenishments in Transit	\$ 65
4. Total Petty Cash	\$100
Less Original Fund Amount	(\$100)
5. Shortage/Overage	\$ 0

4. The custodian should balance the fund prior to replenishment. Replenishment should occur when the fund level is depleted to the extent requiring replenishment at least once a quarter. If replenishment is not required at least quarterly, then the fund should be reduced to reflect the level of activity. To replenish a petty cash fund, the custodian should prepare a Petty Cash Voucher indicating the correct fund number and account for each expenditure, including any overage or shortage. The custodian should attach receipts, memo documentation for any overage or shortage or lost receipts, and the original copy of the Petty Cash Voucher and submit all documents to the Controller's Office with the appropriate supervisory signatures.
  5. Petty cash funds are subject to unannounced physical counts or audit by the Controller's Office. If it is determined that a petty cash fund is being misused or improperly reconciled, the fund may be closed.
- e. **Responsibilities of the Custodian**
1. The appropriate department head or dean or designee should appoint and supervise the petty cash custodian. The supervisor should periodically inspect and count the cash in the petty cash fund (in the continual presence of the custodian) to ensure proper accountability.
  2. The custodian must keep all petty cash funds in a locked strong box within a locked desk or cabinet when the fund is not in use. Access to cash funds must be restricted to the custodian only.
  3. A temporary custodian may be designated by the supervisor to assume custodial responsibilities in the absence of the custodian. The temporary custodian will abide by the same standards and policies required of the custodian.
  4. The custodian must obtain supervisory approval before transferring responsibility to a new custodian. Reconciliation of the fund at the time of a transfer is required.
  5. The custodian must track all shortages and/or overages of the fund. A signed, dated memo should be written detailing a reason(s) for any variance. The department head or designee should carefully review, initial, and date the memo and record the variance in a log. The memo, along with other receipts, should be submitted for reimbursement when the fund needs replenishment. Management also should periodically review the log and recurring exceptions. Significant shortages should be discussed with the University Controller.
  6. The custodian should report to the Office of the Controller the designation of a new custodian or any change in fund status.
  7. The custodian should ensure that petty cash funds are not co-mingled with other funds.
- f. **Closing or Reducing the Petty Cash Fund**

If a department discovers that the need for a petty cash fund has decreased or has been eliminated, the department head should notify the Office of the Controller and submit a Cash Remittance Voucher along with the cash to the Office of the Bursar. The Office of the Bursar will prepare a cash receipt with an adjustment to the appropriate petty cash Banner Fund(s) to reduce or close the fund.

### 3202.13 **Petty Cash Reimbursements**

- a. The Office of the Bursar maintains a petty cash fund from which reimbursement can be made to university employees for miscellaneous purchases or for expenses incurred on the university's behalf, when approved.
- b. Petty cash reimbursements are limited to \$100 or less. Items in excess of \$100 must be processed using the University Expense Reimbursement Form. The practice of processing several Petty Cash Vouchers to the same employee for reimbursement of expenses incurred for a single purpose, the total of which exceeds the \$100 limit (pyramiding), is prohibited.

- c. Since the university is a tax-exempt entity, petty cash reimbursements will not be made for Ohio sales tax charged on the purchase of goods. Tax paid on meals and lodging while traveling on official university business is reimbursable, provided the total cost is within the allowable amount. See University Travel Policy 3210.
- d. A request for a petty cash reimbursement must be made on a Petty Cash Voucher and requires the signature of the initiator (the traveler or person who made the purchase and who is seeking reimbursement). An original receipt and/or invoice for each expenditure must be attached to the voucher. Small receipts should be taped to an 8.5" x 11" sheet of paper to avoid loss.
- e. When the basis for reimbursement is not self-evident, a justification or explanation must be provided on the Petty Cash Voucher. The lack of an explanation may in itself be sufficient basis for rejection of the transaction.
- f. Expenses reimbursed through petty cash must meet every test applied to purchases and payments that follow the more formal processes contained in WU Travel Policy 3210. Accordingly, reimbursement for gifts, donations, or personal expenses is not permitted.
- g. The Petty Cash Voucher may not be used to pay any individual for personal services.
- h. Reimbursement for local travel mileage shall be done with an Expense Reimbursement form submitted to Accounts Payable for processing within 30 days of the expenditure.
- i. Petty cash transactions will be processed at any open cashier window at the Office of the Bursar, Wolfe Administration Building, between 9:00 am and 5:00 pm, Monday through Friday.
- j. Petty cash will be disbursed at the time a request is submitted in person. At the time of cash disbursement, the signature of the person picking up cash is required on the Petty Cash Voucher, verifying receipt of cash from the Office of the Bursar.
- k. If the person who picked up the cash disbursement from the Office of the Bursar is someone other than the initiator, the initiator, upon receipt of the cash, must sign the Petty Cash Voucher (yellow copy) to verify receipt of cash and reimbursement of his/her expenses. The initiating department must maintain the yellow copy signed by the initiator.

#### **3202.14 Philanthropy**

- a. No institutional contribution, either financial or for equipment or supplies, from university funds, should be made to charitable or other non-profit organizations. The university should not purchase tables or individual tickets for events sponsored by charitable or non-profit organizations. Rather, a representative of the university should attend such functions at his/her own expense when he/she considers it important to do so.
- b. The university may place advertising in publications sponsored by philanthropic/non-profit organizations when such advertising is consistent with institutional purposes and provided for in annual advertising budget plans.
- c. The university should not provide free services to charitable or other non-profit organizations. The president, provost, or a vice president, based upon a written request/justification, may authorize exceptions to this policy.

#### **3202.15 Recruiting Expenses**

- a. The payment of recruiting expenditures may occur in one of the following ways:
  - 1. Reimbursement to university employees
  - 2. Reimbursement to the recruit
  - 3. Direct payments to vendors
- b. Recruiting expenses should be reasonable, prudent, and commensurate with the position being recruited. Receipts are required for reimbursement of all recruiting expenses. For meals, Internal Revenue Service rules require documentation of the time, date, place, business purpose, and attendees at a meal.
- c. When a recruit accepts an offer of employment with the university, the guidelines on relocation expense reimbursements apply.

### 3202.16 Relocation Expenses

- a. The payment of relocation expenses may occur in one of the following ways:
  1. Reimbursement to the relocated employee
  2. Direct payments to vendors
- b. Relocation expenditures should be reasonable, prudent, and commensurate with the position being filled. Receipts must be submitted with a reimbursement request. The Department of Human Resources processes all reimbursements made to employees. The University Controller's Office - Accounts Payable department's process all payments made directly to vendors. An offer of employment should indicate the maximum permissible amount for relocation expenses and a copy of the offer documenting the maximum permissible amount for relocation expenses should accompany all requests for reimbursement.

### 3202.17 Restricted Accounts

The University Controller's Office must approve all expenditures paid from grant funds. This requirement will ensure that no one person will have complete control over any transaction. **The person initiating the purchase should indicate the project purpose on the expenditure document, regardless of the amount.**

### 3202.19 University Land Line Telephones

An employee must reimburse his/her department for personal long distance calls if a personal calling card is not used.