

Purchasing and Reimbursement Procedures

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A. General Policy

This policy outlines the procedures to be followed by all School personnel engaged in a purchasing transaction.

The function of the Purchasing Department is to centralize purchasing services for the School. By providing this service in accordance with sound business practices, the Purchasing Department seeks to realize the maximum value of every dollar the School expends. The School is committed to both the adequacy of internal control over transactions and reduction of the administrative costs of acquiring goods and services.

The actions of the Purchasing Department directly influence the public perception and image of the School. Therefore, the highest possible standards of business ethics, professional courtesy and competence are required.

B. Authority for Purchasing

Purchasing Department personnel are authorized to commit the School for materials, equipment supplies and services. In such cases, the Purchasing Department has the responsibility for making the final determination of source of supply and price. The authority to issue Purchase Orders shall be vested in the Purchasing Department and each order shall bear the signature of the Director or Buyer.

The authority to purchase is based on verification that all allocations are approved and budgeted in the current fiscal year.

All funds, regardless of their source, are considered to be School funds and are to be expended according to School policies and procedures. No individual may make a purchase directly by letter, telephone, fax or any other means. Purchases made without the proper approvals and procedures may become the personal obligation of the person originating such purchases.

Approval Authority	
The following administrators are authorized to approve expenditures on behalf of the School:	
Authorized Signature	Amount of Purchase
For Academic and Student Service Areas: Principal	\$0-\$2,500

Superintendent	\$2,501-\$50,000
Superintendent and CFO	over \$50,000

An individual cannot approve expenditures for which she/he is the payee, such as with an expense reimbursement or travel advance, or if she/he is the direct beneficiary such as membership dues, conference fees, or cell phone charges.

C. General Responsibilities

Purchasing Department:

1. Pre-qualifying suppliers with joint input from the requisitioning Department
2. Preparing Requests for Quotations (RFQ)
3. Receiving and evaluating quotations
4. Negotiating with suppliers
5. Awarding the business for supply of goods or services
6. Releasing award information
7. Monitoring all purchasing activities for compliance with purchasing policies and procedures
8. Establishing and maintaining standards of quality
9. The Purchasing Department acts as a resource in assisting academic and administrative areas to achieve their objectives in terms of cost, vendor selection and projected purchases in relation to special projects. Purchasing also provides cost estimates in order to assist departments in budget preparation.

Requisitioning Department:

1. Preparing purchase requisitions
2. Allowing Purchasing Department reasonable lead time for bidding and/or processing orders (Contact Purchasing for lead time, which varies depending on the product)
3. Providing accurate specifications when requested
4. Assuring that contract and grant requirements are met

5. Verifying that funds are available and securing the appropriate budget manager's signature
6. Verifying delivered orders for accuracy

D. Code of Ethics and Conflict of Interest

All employees are required to comply with the School's policy on Conflict of Interest and Code of Ethics. The School has adopted a Code of Ethics which appears in [Appendix A](#).

E. Vendor Selection

Vendors shall be selected based on their ability to service the needs of the School in the most economical and efficient manner. It is the policy of the School to provide equal opportunity to all vendors.

Buying shall be competitive with a select number of vendors being allowed to bid.

The requisitioning department may indicate suggested vendors. The final selection of a vendor is made by Purchasing, in collaboration with the requisitioning department.

Only personnel authorized to obligate the School in a purchase transaction may formally refer vendors to Purchasing Department.

F. Requests for Bids

The Purchasing Department, in collaboration with the requisitioning department, solicits competitive quotations or bids in accordance with the following guidelines:

Amount of Purchase	Guideline
up to \$21,000	The Purchasing Dept. decides whether or not to solicit quotations depending on the competitive nature, price of the items required, and risk factor.
\$21,000 and up	The Purchasing Dept will obtain or require that the requesting department obtain at least three competitive written quotations. Sole source

	purchases require only one written quotation. Exceptions are determined by the Purchasing Dept. depending on the competitive nature, price of the items required, and risk factor.
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The Purchasing Department is responsible for assuring that all quotations submitted by vendors meet the quality standards that are stipulated by the requesting department.

An exception is made (1) in the case of repetitious purchasing of standard items and (2) for items available only from a sole source.

For consumable supplies and contracted services, bids will be renegotiated on a periodic basis; in most cases a Blanket Purchase Order will be issued annually. Purchasing, in cooperation with the requisitioning department, will select vendors.

In the event that the requisitioning department has obtained the quotations directly from the vendors, the documentation supporting these quotations must accompany the requisition that is delivered to the Purchasing Department. Proposals, bids or any other original documentation pertaining to the order are to be filed in the Purchasing Department.

Quoted prices are to be held in confidence by the person responsible for purchasing and each transaction shall be considered on its own merits. Bids and price information are considered confidential and are not to be shared with competing vendors.

G. Delivery

The Purchasing Department and Central Receiving are the control points for all goods received by the School, with the exception of the Dental School. In some instances, however, arrangements are made to ship to another designated location.

Delivery time varies by product, company and according to the availability of the item. If an order is not received by the promised delivery date or within seven to fourteen working days, the requisitioning department should call Purchasing for a status report on the order.

H. Shortages and Damages

Shortages or damaged merchandise must be reported immediately to the Purchasing Department and such information must be clearly noted on the delivery/packing slip and all boxes and packing materials must be saved in order to facilitate returns. Forward the delivery/packing slip to Purchasing so the vendor can be contacted and appropriate action taken.

I. Return Merchandise

In the event that a department needs to return merchandise to a vendor, Purchasing must be notified. Purchasing will contact the vendor to obtain a Return Authorization number before returning the item. Purchasing will then contact the department with the information required to return the merchandise, such as completing the revision form, in order to ensure proper return of materials and credit to the account.

J. Invoices

All invoices must be mailed directly to Accounts Payable rather than to School departments to expedite a timely payment. Original invoices are required in order to initiate the payment process. Original invoices that relate to properly approved purchase orders or contracts do not require any further approvals. Original invoices which have not been approved through the purchase order or contract procedure will be forwarded to the respective department to start the approval authority process.

If for any reason the invoice should not be paid, the requesting department needs to notify Accounts Payable immediately.

In the case of a discrepancy in information between the invoice and the purchase order, the Purchasing Department must resolve the discrepancy.

K. Types of Orders

L.1 - Purchase Requisition – this represents the internal authorization document to commit the School to make the requested expenditure. It must contain adequate explanation of the goods or services and be authorized in accordance with Section B of this policy.

L.2 - Purchase Order – this represents the commitment document from the School to the vendor for the purchase of the goods or services. It must be signed by the Purchasing Director or Buyer.

L.3 - Blanket Purchase Order – this represents general authorization to make purchases of goods or services from a specific supplier up to a stated amount. This is generally used when purchases must be made for various departments or cover an extended period of time.

Blanket Order Release – represents the authorization for a specific expenditure against a Blanket Purchase Order.

L.4 - Revision of Purchase Order – represents a change to the previously issued Purchase Order. The appropriate signature approvals are obtained in accordance with Section B of this policy whenever such revisions are requested.

Contract Approval Signature Form – must be used whenever the nature of the expenditure requires that the School must sign a contract or agreement document. In addition to the signatures required in

Section B of this policy, the Contract Approval Signature Form requires the approval of the Controller's Office, the Budget Office, and the UDM Senior Attorney. The signature of the President is required on the Contract Approval Signature Form for all contracts and agreements that exceed \$50,000. Only the President and Vice Presidents are authorized to sign the respective contract or agreement document.

Check Request – the **Check Request Form** may be used to make a cash disbursement when other disbursement documents will not be available for the transaction. It must contain adequate explanation of the goods or services and be authorized in accordance with Section B of this policy. The approver of the document cannot be the payee.

L. Prepaid Orders

In the event that a vendor requires full or partial prepayment of an order, the requisitioning department specifies the dollar amount that is to be prepared, in the description portion of the requisition. Purchasing assigns a PO number and a check will be issued. Purchasing then mails the PO with the check to the vendor. There will be additional processing time for such transactions in order to comply with the Accounts Payable check-writing schedule.

M. Emergency Orders

In the event services or supplies are needed in an emergency, the requisitioning department will notify the Purchasing Department by phone or email of the urgency of the item. Purchasing will assign a PO number and expedite the purchase. This process will be allowed only on an exception basis and can be used only at the discretion of the Purchasing Department.

N. C.O.D.

The School does not pay cash on delivery (COD) for purchases.

O. Sales Tax

The School is exempt from Michigan State Sales and Use Tax. The tax exempt number is stated on the Purchase Order. Upon request, the Purchasing Department will furnish a tax exemption statement on School letterhead.

P. Restricted Funds

Restricted funds are provided by various government agencies and private donors for specific School projects. Use of such restricted funds is controlled by the conditions, rules and regulations of the funding source, as well as by applicable School guidelines.

Q. Specific Purchases and Services

- 1. Service Contracts, Maintenance Agreements and Leases**

Contracts for service (excluding consulting or employment), leases and rentals must be submitted to the Purchasing Department for review and approval prior to entering into an agreement with the company. In addition to the approval signatures discussed in Section B and Section K, all lease and rental contracts require the approval of the Vice President for Business and Finance. A copy of the agreement will be maintained on file in the Purchasing Department.
- 2. Travel/Conference Registration**

Generally, Purchase Orders are not used for travel, conferences or seminars. The "Travel Request Form," available on-line or in the Accounts Payable and Purchasing Department, must be completed and returned to Purchasing. When air travel is required, a TR number is assigned by Purchasing. Employees are required to submit an approved Employee Expense & Reimbursement Form within 30 days of their return from the business trip. Please refer to the separate instructions and detail policy for Travel Expenditures.
- 3. Moving/Relocation**

When employment at the School requires a new employee to relocate, the President may authorize payment of moving expenses by the School. Departments are to submit their request to Purchasing on a Purchase Requisition.
- 4. Personal Purchases**

Because of the tax-exempt status of the School, the Purchasing Department cannot issue purchase orders for personal purchases. Vendors may not offer discounts to employees unless there is a School-wide program that is available to all employees.
- 5. Construction, Renovation and Refurbishing**

All requests for construction, renovation and refurbishing must be approved by Facilities Operations. As a general rule, requests for such expenditures should be submitted as part of the annual budget process so they can be considered for inclusion in the deferred maintenance and capital expenditures plan. <http://facilityrequest.udmercy.edu/logon.asp?URL=/Default.asp>
- 6. Copiers**

Purchasing is responsible for the selection, purchase and maintenance contract for all School copiers. Questions regarding copiers or service should be directed to the Purchasing Department or the Copy Center at 993-1661.
- 7. Office Supplies**

See OfficeMaxsolutions.com login.
- 8. Purchase of Computer Hardware, audio-visual equipment, software, and telecommunications equipment**

To acquire the above, School departments should consult with the Information Technology Services Dept (ITS) Pre-Purchase/Inventory Dept before initiating a requisition.

ITS will assist departments in selecting hardware/software based upon department need and School Standards.

ITS will bid out when appropriate, and generate the requisition on behalf of the requesting department... The requesting department will be required to provide the account number and authorization signatures prior to submission to Purchasing for processing.

All equipment is to be delivered to ITS for proper asset tagging and pre-configuration prior to installation.

Purchasing will complete and process the purchase order. Departments can access the Purchase Order online, which includes vendor information, purchase order number and actual cost.

If the order has not been received within three weeks, the requesting department should contact the ITS department for a status report.

9. Printing

Routine duplicating jobs must be handled through the Copy Center. Printing jobs that are considered high-end require three written quotations, one of which must be from Hatteras. Such quotations must be attached to the Purchase Requisition that is forwarded to the Purchasing Department. Each high-end printing job must have a separate Purchase Order. See Printing Services.

10. Mail Services

UDM uses a centralized approach for providing mail services in order to minimize costs and maximize efficiency. Accordingly, all requests for such services must be handled through the Mail Services Department.

R. Unallowable Expenditures

In accordance with School policy, the following expenditures are NOT considered legitimate charges against the School budget:

Office refreshments, including coffee makers and supplies

Flowers, greeting cards, personal gifts

Holiday decorations

Personal ornamental items for offices

Personal expenditures of any type

Any expenditure not supported by a valid invoice from the person selling such goods and services

S. Surplus Property

Excess and surplus property (e.g., office furniture) is maintained, distributed and/or disposed of by Facilities Department.

APPENDIX A

Purchasing Department Code of Ethics

The School has adopted the following Code of Ethics:

1. Give first consideration to the objectives and policies of this institution.
2. Strive to obtain the maximum value for each dollar of expenditure.
3. Decline personal gifts or gratuities.
4. Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permits.
5. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
6. Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement or a sample of the product.
7. Receive consent of the originator of proprietary ideas and designs before using them for competitive purchasing purposes.
8. Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier, and/or be willing to submit any major controversies to arbitration or other third party review, insofar as the established policies of this institution permit.
9. Accord a prompt and courteous reception, insofar as conditions permit, to all who call on legitimate business missions.
10. Cooperate with trade, industrial and professional associations and with governmental and private agencies for the purpose of promoting and developing sound business methods.
11. Foster fair, ethical and legal trade practices.
12. Counsel and promote a spirit of unity and a keen interest in professional growth among them.