

MEMORANDUM

TO: Provost, Vice Presidents, Dept. Heads and Office Managers
FROM: Division of Business and Financial Affairs
DATE: February, 2004
RE: Policies, Procedures and Guidelines Manual

The Division of Business and Financial Affairs is pleased to share with you its newly revised Policies, Procedures and Guidelines Manual. This manual outlines the College's policies and procedures for the procurement of and payment for goods and services, and other business related items. This manual should be kept in your office and referenced when making purchasing/procurement decisions, and preparing check requests. This manual will be revised to reflect policy and procedural changes when necessary.

The Division of Business and Financial Affairs is committed to providing the highest level of customer service to the Spelman College community while ensuring that the College's business is conducted in accordance with sound business practices and the highest possible ethical standards in compliance with all applicable laws, rules and regulations. If you have questions regarding this manual or the contents therein, please do not hesitate to contact one of the following:

Director, Administrative Support Services, ext. 5111
Controller, Office of the Controller, ext. 5153

SPELMAN COLLEGE

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***DIVISION OF BUSINESS AND FINANCIAL
AFFAIRS***

POLICIES, PROCEDURES AND GUIDELINES MANUAL

***ADMINISTRATIVE SUPPORT SERVICES
OFFICE OF THE CONTROLLER***

Updated/Revised February, 2004

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Division of Business and Financial Affairs

PURCHASING DEPARTMENT GENERAL ORGANIZATION AND ADMINISTRATIVE POLICIES

Revised February 2004

Objective:

To responsibly expend all College funds to achieve the greatest value per dollar.

Policies (Regardless of Fund Source)

General policies concerning purchasing transactions apply to **all** funds of the College, regardless of the source. All funds deposited with the College are considered College funds and must be handled according to the College's policies. Although departments are allocated funds in their budgets for a designated period, departments are **not authorized** to make purchases. They are authorized to **requisition only**.

Department's Organization

The Purchasing Department procures goods and services on behalf of the College. The Director and Purchasing Manager of Administrative Support Services are authorized to manage the department and are responsible for ensuring that the College's objectives as well as the specific needs of user departments are met.

The College's Purchasing Department performs the following functions:

- Develops guidelines for purchasing supplies, services and equipment.
- Provides user departments with current information on new products and services, alternative materials and, where applicable, costs.
- Prepares, in cooperation with user departments, quality and quantity specifications for procuring goods and services.
- Encourages competition among vendors through negotiations, competitive bidding, and contract buying.
- Ensures that purchase orders and contracts contain all guarantees, warranties, shipping instructions, credit terms and discounts.
- Maintains accurate records and files of requisitions, purchase orders, vendor catalogs, product information, and other relevant materials.

Centralization For Procurement

Administrative Support Services, the centralized department for procurement, is responsible for negotiating procurement and administering procurement policies and procedures.

Legal Issues and Documents

All legal issues and documents should be referred to the Purchasing Department's personnel for appropriate action.

Quality

The Purchasing Department procures quality materials and helps departments identify quality materials. It makes purchases based on specifications on file, furnished by the requester, or developed with the assistance of the requester. The user, the department's chairperson, and the Director or Purchasing Manager of Administrative Support Services will jointly determine the best quality.

Purchases Supported by College Policies

College policy supports the expenditures for any lawful items, goods, or services that support the implementation or enhancement of college programs. The Provost or the appropriate Vice Presidents or the Chief Information Officer will make the final determination of items, goods or service to be purchased where and when required.

Unauthorized Purchases

Spelman College operates on a purchase order system. Accordingly, all purchases for goods and services must be transacted through the purchase order process. The Check Request method of payment is limited to the College's weekly and/or monthly obligations such as utilities, dues, subscriptions, salary and travel advances, and other reimbursement expenses. Expenditures submitted on a Check Request form, which should have been submitted as a purchase order, will be returned to the requester.

No individual is authorized to enter into purchase contracts or in any way obligate the College for procurement indebtedness without approved purchase orders. Such negotiations are considered unauthorized purchases, and the individual will be personally responsible for paying the vendor for services, supplies or equipment received. **Only the Director and the Purchasing Manager of Administrative Support Services are authorized to issue purchase orders.**

Purchases Prohibited by College Policies

College policy prohibits the purchase of personal items. Items that are considered personal must be

purchased by the individual. In addition, College letterhead or other College forms **may not be used to order personal items**.

Conflict of Interest in Procurement

To avoid conflict of interest, the College will not contract the purchase of property, (intellectual, real or personal), supplies, services, and/or equipment from employees of the College, or their immediate family or members of the Board of Trustees.

Gifts and Gratuities – Prospective Suppliers and Contractors

It is the policy of the College to decline personal gifts or gratuities from prospective suppliers and contractors.

Gifts and Gratuities – Current Suppliers and Contractors

Any gift with a value equal to or greater than \$100 must be disclosed to the Human Resources Offices and the appropriate Provost, Vice President, or Chief Information Officer. A supervisor, the Provost, the appropriate Vice President or Chief Information Officer has the right to require an employee to return a gift that is deemed inappropriate or has excessive value.

In special circumstances, a Supervisor, the Provost, the appropriate Vice President or Chief Information Officer can disallow any gift or gratuity to an individual, an entire office, or a group of individuals.

Administrative Support Services Department

A limited number of items such as copier paper, interoffice envelopes may be purchased from the College's inventory. Departments may request products from Administrative Support Services by completing the Requisition form and indicating "Administrative Support Services" in the vendor field.

Each department is responsible for maintaining its inventory of letterhead and envelopes and for ordering supplies in a timely manner. Departments should allow ten (10) business days for reordering stationery.

SUPPLIER SELECTION AND PROCUREMENT PROCEDURES

Vendor Selection and Protocol

Potential vendors are selected for their ability to serve the needs of the College, economically and efficiently. Past performance of vendors and their cooperation with the College are important factors in vendor selection. Sales representatives, therefore, are invited to visit the Purchasing Department's personnel to market their goods and services. Vendors may contact individual

departments, or departments may recommend vendors, **but contracts, which commit the College to purchase goods or services, must be developed with the assistance of the Director or Purchasing Manager of Administrative Support Services.***

The display or demonstration of the vendor's products, often an important part of the selection process, is encouraged. However, it should be coordinated through the Purchasing Department. Departments desiring a demonstration should notify the purchasing Department for approval before scheduling it.

Note: Departments are encouraged to suggest suppliers (particularly for unusual or non-standardized items), and the Purchasing Department will consider their recommendations when possible. However, in situations where the use of a particular vendor poses a risk to the College, or where there are significant financial disadvantages for the College, the Purchasing Department will select the vendor.

Service Agreements

The College requires that certain equipment be covered by service contracts to ensure its efficient and continual operation. For example, typewriters, computers and copiers require contracts and service agreements.

To establish the service, the Provost or the Divisional Vice President, or Chief Information Officer may initiate the formulation of service agreements outlining the equipment to be covered. The Provost, Vice President or Chief Information Officer will forward all proposed agreements to Administrative Support Services for final review, negotiation and execution.

Competitive Bidding

When required by federal or state law or whenever practical, the Purchasing Department will secure competitive quotes from vendors selling the same or similar products. At its discretion, the Purchasing Department may choose to bid any item, which, in its judgment, lends itself to competitive bidding. The Department must be given sufficient time to obtain prices and place orders when competitive bids or proposals are solicited.

Furthermore, OMB Circular A-110 requires the College to ensure that all procurement transactions are conducted in a manner that provides maximum, practical, open and free competition. Under certain circumstances, the Federal awarding agency may require the College to provide certain documents pertinent to the procurement process. These situations include, but are not limited to, awarding a contract to a bidder other than the apparent low bidder, awarding a contract without competition when the purchase exceeds \$25,000, or awarding a contract when only one bid is received in response to a solicitation.

Departments may wish to request prices on items they are considering. It should be understood, however, that these quotations, regardless of their source, are "informal quotations" and should be considered as information only.

THE PURCHASING PROCESS

The following components are essential to the purchasing process:

- Requisition Policies
- Preplanning of Purchasing Transactions
- Emergency Buying
- Classifications of Items on the Requisition
- Independent Contractors/Consultants
- The Requisition Form
- Receipt of Goods and Payment of Invoices
- Specification Problems
- Invoice Approval

SPECIAL PROCUREMENT POLICIES

The College has instituted specific practices or policies for procuring the products and services listed below:

- Rented or Leased Equipment
- Printing Services
- College Letterhead, Envelopes and Business Cards
- Prepaid Orders
- Customized Items
- Telephone Services
- Sales Tax

Requisition Policies

Only authorized or designated budget account representatives may issue and sign requisitions.

Preplanning Purchasing Transactions

To maintain an effective and efficient procurement process, departments must preplan supply and equipment needs. The time required to issue an order and secure delivery on a properly prepared and approved requisition may vary from one day to several days; however, the *average turn-around* of a request for a purchase order is five (5) days.

Departments should request routine items well in advance of the date needed, or they should work with Purchasing Department personnel to develop **blanket agreements** that reduce and/or eliminate the need for repetition. Such items should rarely be designated as "emergency needs."

Emergency Buying

When necessary, the Purchasing Department will make emergency purchases via telephone and confirm the transactions by immediately sending a purchase order to the vendor. The Purchasing Department will consider the following factors when determining whether a transaction requires urgent processing. **The purchase will**

- **prevent life safety hazards**
- **keep vital equipment operative**
- **prevent deterioration of a product and/or experiment**

Note: In all situations, whether urgent or not, the user department must complete a requisition form that includes appropriate approvals before the Purchasing Department can issue a purchase order number.

Classifications of Items on the Requisition Form

To distinguish a class of items, departments may list items being ordered from a common source (all supplied by a single vendor) on a single requisition form with the appropriate budget code.

Independent Contractors/Consultants

An independent contractor/consultant is defined as a person or firm that provides expertise, knowledge or services that are not readily available at the College or that are not available on a timely basis. In addition, an independent contractor performs a **specific task for a stated rate or sum of money for a limited or designated time period**. When an independent contractor is hired, the College may state only the scope and time period of the work.

The contractor/consultant is responsible for performing the work in a professional manner and for determining how, when and by whom the work is to be done. The College may request a list of key personnel assigned to a project and/or a resume of the qualifications of those individuals.

Prior to committing to pay an individual as an independent contractor, the requester must have the contractor complete an **Independent Contractor Agreement** (and its attachments, which can be obtained from the Purchasing Department) and obtain approval from the department's chairperson.

Note: Individuals who are currently employed, or who have been employed within the past 12 months as staff, faculty or student workers may **not** be paid as independent contractors.

In approving the appointment of an independent contractor, the department head must determine and certify that the following criteria (established by the Internal Revenue Service) apply to each individual situation:

- 1 . The College has **no** right to control how the work is performed (i.e., no right to require contractor to comply with specific instructions about when, where, and how work is to be performed; who is to perform the work and what order or sequence is to be followed in performing

the work.)

2. The contractor/consultant may realize profit or suffer loss as a result of his/her work for the College.
3. The contractor/consultant cannot be fired as long as he/she meets contractual obligations.
4. The contractor/consultant has a right to hire and fire assistants and is required to treat assistants as his/her employees.
5. The contractor/consultant is paid by the job rather than by an hourly or monthly rate.
6. The contractor/consultant is viewed as a skilled worker who does not require additional training from the College.
7. The contractor/consultant is hired for a specified time period.
8. The contractor/consultant is **not** employed on a continuing, recurring, or long-term basis.
9. The contractor/consultant advertises and projects him/herself to the public as an independent contractor/consultant in business for him/herself.
10. The College consistently refers to this person as an independent contractor/consultant.
11. The contractor/consultant furnishes tools and/or equipment and pays for supplies and expenses including travel expenses.
12. The contractor/consultant is engaged to complete a task that is **not** a part of the day to day operations of the College. The contractor is not integrated into the college's business operations, does not perform work generally performed by regular faculty or staff, and does not supervise College employees.
13. The contractor/consultant is **not** a current or former (within the past 12 months) staff, student employee or faculty member of the College.
14. The contractor/consultant and his/her employees have demonstrated the legal right to work in the United States.
15. The College does not provide the contractor/consultant with employee-type benefits, such as insurance, a pension plan, vacation pay or sick pay.
16. A written contract describing the type of relationship the College and the contractor/consultant intended to create has been prepared and execute by both parties.

These rules are subject to change without notice from the Internal Revenue

Service and U.S. Department of Treasury.

The Vice President for Business and Financial Affairs and Treasurer or the Associate Vice President for Business and Financial Affairs approves the Independent Contractor Agreement on behalf of the College. The Independent Contractor Agreement is not final and does not bind the College until one of these individuals has signed the agreement. After the final approval has been obtained, the signed agreement should be attached to the purchase requisition and submitted to the Purchasing Department.

The Purchase Requisition Process/Form

To procure all supplies, equipment and services including most items available through Spelman College's Department of Administrative Support Services, an on-line electronic purchase requisition must be submitted/completed. Instructions on completing the on-line requisition process can be obtained through the Department of Administrative Support Services.

Copy paper and Spelman interoffice envelopes are the only items obtained through a purchase requisition form. Instructions for completing all fields of the Purchase Requisition form appear on the back of the form. Departments must complete all information pertinent to the request before forwarding it to the Purchasing Department or to another approving authority.

Note: If the request is denied at any stage in the process, it is returned to the requestor.

Note: All requisitions for the fiscal year must be submitted no later than May 31st to be processed and to ensure the timely receipt of goods. If the goods and services have not been received by June 30th, the expense will be charged to the next fiscal year's budget.

Exhibit A: Flowchart for Ordering of Goods

Receipt of Goods and Payment of Invoices

Upon receipt of shipment departments must inspect it **immediately** for concealed damages or other discrepancies. If the shipment is unsatisfactory in any way, the Purchasing Department can contact the supplier to arrange replacement or return of the product. Discrepancies should be reported immediately in writing to the Purchasing Department. The report should include the order number, vendor's name and other significant information so discrepancies can be corrected properly. A copy of the discrepancy report should also be sent to the Accounts Payable Office.

Note: *Interstate Commerce Commission (ICC) regulations require damage reports to be made no later than fifteen (15) days after delivery of goods to the designated location.*

Specification Problems

When ordering products, departments should include complete and correct information to ensure proper delivery and to eliminate additional re-stocking fees and freight charges if the product must be returned.

Invoice Approval

The College's credit rating depends on its **prompt** payment of obligations. Departments that receive invoices directly from vendors must approve, sign and forward them promptly to the Accounts Payable Department. They must also forward a packaging slip/receiving report for items purchased with a purchase order to Accounts Payable within three (3) business days after receipt of merchandise. Departments should use Spelman College's standard Receiving Report form (Exhibit F) for all merchandise received without a packaging slip/receiving report.

The receiving departments must notify the Accounts Payable Department when goods are received and invoices are ready to be paid. Receiving departments should include the purchase order number on received reports or invoices before forwarding them to Accounts Payable.

When individuals who are authorized to approve goods will be absent from the College for any appreciable length of time (5 days or more), they should designate another person or persons to receive, unpack and inspect goods for prompt invoice approval.

Exhibit B: Flowchart for Receipt of Goods and Payment of Invoices

SPECIAL PROCUREMENT POLICIES

Rented or Leased Equipment

Equipment that is furnished for the College's use by external agencies on a rental or lease basis (whether for a definite or indefinite period) should be covered by a purchase order. In the case of leased equipment, the department will clearly mark the requisition "leased equipment" and specify whether it is a new or renewal lease. Departments should attach vendor lease agreements to the requisition form before forwarding it to the Purchasing Department.

Departments will be responsible for returning rented or leased equipment (or for extending the agreement through the Purchasing Department) at the end of the lease/rental period.

Printing Services

Requests for printed materials should include detailed specifications. The purchasing Department's personnel can assist in developing specifications or in providing a printer to develop specifications.

A purchase order is required for all printing requests.

College Letterhead, Envelopes and Business Cards

College letterhead, envelopes and business cards are standardized in format, paper stock type and color. Any request for stationery modification from the standards must be submitted to the Assistant to the President.

Business cards can be ordered by completing the Business Card Request form and attaching the same form to the requisition with the appropriate approvals. Approvals for business cards must be authorized in writing, by the appropriate Provost, Vice President or Chief Information Officer.

Prepaid Orders

In situations where prepayment is a condition of purchase, departments must complete a Check Request Form (Exhibit D) and submit it to the Office of the Controller for approval. Order forms (if applicable) or other proof of price should be attached to the Check Request form.

Customized Purchases

Purchase requests for customized items (rubber stamps, etc.) should be accompanied by an attachment that indicates the exact wording, spacing and lettering required.

Telephone Services

Departments should submit written requests for the change, addition or deletion of telephone services to the Director of Administrative Support Services. Requesters should allow sufficient time for evaluating, ordering and connecting services.

Sales Tax

The College is exempt from State and City Sales and Use Tax. When requested, the Purchasing Office will furnish a copy of the College's tax-exempt certificate with the purchase order. College personnel should obtain a tax-exempt letter from the Controller's Office for direct purchase use. **The College will not reimburse College personnel for taxes incurred when miscellaneous items are purchased and reimbursement is sought by a Check Request.**

Check Requests Process

Because Spelman College operates on a purchase order system, all requests for goods and services must be transacted through the purchase order process. The check request method of payment will be limited to the College's weekly and/or monthly obligations such as utilities, dues and subscriptions,

salary and travel advances, and expense reimbursements. Expenditures for goods and services submitted on a Check Request form, which should have been purchased through the purchase order process, will be returned to the requester. All check requests will be systematically processed. If the check request is denied by any authorizing personnel, the check request will be returned to the requester along with an explanatory letter. The process for submitting a check request (Exhibit C) is outlined below:

1. The requester must check the availability of funds for payment of a check request prior to submitting the check request to the Office of the Controller. If the system indicates funds are not available, the check request will be returned to the sender indicating that funds are not available.
2. To be processed expeditiously, a check request must be completed accurately. Each completed Check Request form must contain the following:
 - Budget code
 - Requester's name, phone extension, and campus mailbox number.
 - Remittance address
 - Social security number for individuals being paid by the College.
 - Approval of department's chairperson or appropriate personnel
 - Expenditures charged to Title III, MBRS, MIE, NASA and other programs must be approved by the Program Coordinator.
3. Check requests should be submitted with appropriate supporting documentation including the original bill/invoice. Copies of invoices or faxed copies are not originals and are not to be submitted with a check request. Vendors must also submit the original invoice/bill with a check request.
4. All check requests and salary advances must be submitted to the Office of the Controller for processing. Individuals submitting check requests should retain copies for their records.
5. Invoices that reference purchase orders are paid under the purchase order system discussed previously. Such invoices must be approved for payment **not** be attached to a check request and submitted to the Office of the Controller.

Note: A check request must be received by the Office of the Controller by 2 p.m. to be processed with the day's transactions. Checks received after 2 p.m. will be

processed the next business day.

6. All check requests will be checked to ensure that funds are available to pay the check request. (If funds are not available, the check request to the administrative assistant, who will return it to the requester along with an explanatory letter) .
7. Once the transaction has been entered into the system, the administrative assistant will forward the check request to the Controller or Assistant Controller for review and approval.
8. After the check request has been reviewed and appropriate approvals obtained, the Accounts Payable Department will prepared, sign and submit the check to the Vice President for Business and Financial Affairs and Treasurer or Associate Vice President for Business and Financial Affairs, who will authorize release of the check by the Accounts Payable Office .
9. Employees and students' checks can be picked up from the Controller's Office between 10 a.m. and 4 p.m. Monday through Friday. Accounts Payable will forward all other checks to the Mail Center for mailing.
10. Under normal circumstances and when funds are available, check requests are processed within five (5) business days after being submitted to the Office of the Controller, provided requests are properly completed. Under special circumstances, e.g., registration periods, processing may require an extra business day.

Petty Cash Transactions

The following policy applies to all petty cash reimbursements:

1. All petty cash vouchers must be signed by the department's chairperson and submitted with original receipts and budget codes.
2. All reimbursements for petty cash may be obtained from the Cashier's window located in the Office of the Controller on Monday through Friday from 10 a.m. to 2 p.m.
3. The maximum petty cash reimbursement is \$50.00

The College **will not issue reimbursement without receipts** at the time of the request. Any expenditure that is not an emergency and/or that exceeds \$50.00 must be submitted through the normal purchase order process.

Spelman College
Division of Business and Financial Affairs
Selected Telephone Extensions

ADMINISTRATIVE SUPPORT SERVICES

Director
X5111
Purchasing Manager
X5113
Administrative Assistant
X5112
Campus Mail Center
5858
Purchasing Department
X5116 or X5115
Reproduction Center
X5114
Switchboard "O"

OFFICE OF THE CONTROLLER

Controller
X5153
Administrative Assistant
X5155
Assistant Controller
X5160
Accountant-Accounts Payable
X5156 or X5157
Cashiers
X51595 or X5164
Banner Finance Analyst
X5154
Information Process Coordinator
X5158

