Southeastern Oklahoma State University

Purchasing Policy and Procedures Manual
October 1, 2018

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Authority

Purchases relating to public construction and improvement contracts are covered by the Public Competitive Bidding Act of 1974, 61 O.S. §101 et. seq.

The universities are exempt from the Oklahoma Central Purchasing Act (see 74 O.S. § 85.3), but are authorized to purchase all necessary supplies, materials, services, equipment, or other appropriate items subject to the following requirements:

Requirements – RUSO Policy Manual – Chapter 2.3 - Expenditures

https://docs.wixstatic.com/ugd/f17c8f_ef92dcafd20a46e9afdebb6360822723.pdf

2.3.1 Supplies, Materials, Services and Equipment

a) All purchases must be for a public purpose. Purchases which constitute gifts to a non-public or private entity are unauthorized.

b) The universities shall not make any expenditure which is prohibited by law.

c) The value of a purchase equals the cost of an individual item or the cost of a bulk purchase of similar items from a vendor.

Split purchasing for the purpose of avoiding bidding or Board approval or notice requirements is prohibited.

Purchases relating to public construction and improvement contracts are covered by the Public Competitive Bidding Act of 1974, 61 O.S. §101 et. seq.

d) Bidding requirements do not apply to purchases made at or below the current pricing of: a state or federal contract; a state or federal governmental entity contract; an existing contract awarded by a state college or university, or an educational purchasing consortium contract. Professional services, as defined by Oklahoma Statutes (see 18 O.S. § 803), sole source or sole brand items, items placed by direct order with the prison industries of the Oklahoma Department of Corrections, and items which are statutorily exempt from bidding are not required to be bid.

2.3.2 Purchases of $ 50,000 or less

a) A purchase of $ 50,000 or less is covered by university internal policies and procedures which may include formal bidding, informal quotation, or other prudent business practices.

b) A purchase of $50,000 or less is not required to be reported to the Board.

2.3.3 Purchases exceeding $50,000 but not over $150,000

a) A purchase exceeding $50,000 but not over $150,000 must be reported to the Board as an informational item.

b) A purchase exceeding $50,000 must be competitively bid.

Bidding requirements do not apply to purchases made at or below the current pricing of: a state or federal contract; a state or federal governmental entity contract; an existing contract awarded by a state college or university, or an educational purchasing consortium contract. Professional services, as defined by Oklahoma Statutes (see 18 O.S. § 803), sole source or sole brand items, items placed by direct order with the prison industries of the Oklahoma Department of Corrections, and items which are statutorily exempt from bidding are not required to be bid.

2.3.4 Purchases exceeding $150,000

a) A purchase exceeding $150,000 must have prior approval from the Board.
b) A purchase exceeding $150,000 must be competitively bid.

A purchase exceeding $150,000 ($150,000.01 and more) must have prior approval from RUSO and must be competitively bid. Consult the RUSO policy or purchasing office for exceptions to this requirement.

A purchase in excess of $150,000 must have prior approval of the Regional University System of Oklahoma (RUSO). A "purchase" exceeds $150,000 in value when the cost of an individual item is more than $150,000, or when the cost of a bulk purchase of similar items from a given vendor is more than $150,000.

2.3.5 Sole Source Purchases

Each university may purchase from a sole source or sole brand only after reasonable efforts have been made to identify all possible sources. When purchases are made from a sole source, the university shall sign a sole source statement and document in writing the justification for the purchase from a sole source.

2.3.7 Exceptions

The following items are not required to be bid or reported to the Board:
a) Library books and media
b) Utilities
c) University memberships
d) State Risk Management premiums
e) Aircraft and aircraft related parts
f) Livestock

The following guidelines are presented to establish acceptable procedures to be followed when goods or services are to be purchased on behalf of Southeastern Oklahoma State University. These guidelines are written to conform to applicable Oklahoma Statues and Regional University System of Oklahoma (RUSO) policy. The intent of this guide is to assist university personnel in the procurement of goods and / or services, and to insure that both the university and the vendor are protected in the process.

Purchases

The purchasing office when circumstances warrant or when it is in the interest of the University to grant an exception may approve exceptions to these procedures.

University personnel who fail to follow these guidelines may be held liable for any unauthorized purchase.

Auxiliary operations, agency and trust accounts, and other agency special account operations may be exempt from these procedures. Questions regarding exemptions should be directed to the purchasing office.

Authorization

Each department has an established budget. The budget gives the department the authority to purchase goods and services within the limits of that budget.

The Distributed Purchasing System (DPS) maintains approved signatures, which authorize expenditure of funds from a particular department or program. A purchase of $2,500 or more requires two authorizing signatures. A vice president, dean, or federal grant administrator has the option to require additional signatures of approval to purchase within their respective areas of responsibility. The President must approve any purchase order in excess of $25,000.

Bids and Board Approval

A purchase that exceeds $10,000 but not more than $50,000 ($10,000.01 to $50,000.00) must have 3 vendor quotes.

A purchase in excess of $50,000 ($50,000.01 and more) requires a formal bid. Departments must contact the purchasing office for instructions on bidding procedures. Exceptions may include professional services, aircraft and related parts, library resource materials, purchases from other state agencies and others allowed by RUSO policy. Questions regarding an exception should be directed to the purchasing office.

Bid specifications should be forwarded to the purchasing office with suggested vendors and the date the items are needed. Specifications should be received in the purchasing office a minimum of four (4) weeks before order needs to be placed. The purchasing office will place all bids unless approval is given by the purchasing agent for the department to solicit the bids. The purchasing agent must approve acceptance of any bid. In some cases, the low bid may not be the best bid. The reason for not accepting the low bid must be filed with the bid record.

A purchase exceeding $150,000 ($150,000.01 and more) must have prior approval from RUSO and must be competitively bid. Consult the RUSO policy or purchasing office for exceptions to this requirement.

> A purchase in excess of $150,000 must have prior approval of the Regional University System of Oklahoma (RUSO). A “purchase” exceeds $150,000 in value when the cost of an individual item is more than $150,000, or when the cost of a bulk purchase of similar items from a given vendor is more than $150,000.

Distributed Purchasing System (DPS)

Requisition (Purchase Order) should be processed in advance of placing an order for purchases unless using the PCard. Prior approval is required for requisitions.

Ongoing monthly expenses should be encumbered on a Requisition in DPS for the specified time period and dollar amount. Examples: rentals, custodial services, mentors, ongoing routine repair and maintenance.

Requisition (Purchase Order)

The principal means of communication between university departments and the purchasing office is through use of the Distributed Purchasing System. When a department wishes to purchase supplies, equipment, or services, a Requisition (Purchase Order) must be authored by the respective department in the DPS system prior to placing order.

In the case that a purchase has been made before the Purchase Order has been approved it is the responsibility of the DPS author to put a note in the document. The note should state an explanation of why the policy was not followed, and why the order was placed before the Purchase Order has been approved.

Requisitions may not be split to avoid a bid.

The electronic document will route for the required signatures and advance to the purchasing office. The Purchasing Office will review and approve the Requisition. A Vendor Copy signed by the Purchasing Agent, can be printed from E-budget (Campus Connect) then be forwarded to the vendor.

Orders should not be placed by the ordering department until notice of the approved Purchase Order has been received. The purchasing office will retain the Purchasing Copy of the Purchase Order.

The Distributed Purchasing System removes the dollar amount from the working available balance once the department authors a document.

Receiving goods and submitting for payment.

Accepting delivery of goods is the responsibility of the ordering department. It is the responsibility of the department to inspect all purchases, including opening and checking the contents. The department must determine whether the quality and quantity of the items purchased conform to specifications included in the requisition.

The DPS author will certify receipt by submitting the invoice with the correct items purchased, the Accounting Copy, Signature Copy and Receiving Report. The DPS author should fill in dollar amount, invoice number, sign and date the Receiving Report. It should be stapled together and submitted in the following order;

-Accounting Copy
-Contract/Flyer/Roster/Meal Form or any other supporting documentation
-Signature Page
-Invoice
-Receiving Report
-Copy of invoice to be mailed with check (if the vendor needs it)
It should all be forwarded without delay to the Office of Finance to expedite payment.

Jackets

Jackets are for internal office use within departments under the Vice President of Business Affairs.

Blanket Requisitions

A blanket requisition authorizes unspecified purchases from vendors not to exceed a stated amount. Blanket requisitions must be issued for a stated period of time and a definite dollar amount. Purchases made against blanket requisitions should be limited to supplies or services of small dollar value. **Equipment cannot be procured on blanket requisitions.**

In the case that a purchase has been made before the Purchase Order has been approved it is the responsibility of the DPS author to put a note in the document. The note should state an explanation of why the policy of placing an order after the Purchase Order has been approved was not followed.

Requisitions <u>may not</u> be split to avoid a bid.

The electronic document will route for the required signatures and advance to the purchasing office. The Purchasing Office will review and approve the Requisition. A Vendor Copy signed by the Purchasing Agent, can be printed from E-budget (Campus Connect) then be forwarded to the vendor.

<u>Orders should not be placed by the ordering department until notice of the approved Purchase Order has been received</u>. The purchasing office will retain the Purchasing Copy of the Purchase Order.

The Distributed Purchasing System removes the dollar amount from the working available balance once the department authors a document.

Partial Shipments

It is the responsibility of the department to keep up with what amounts are left on a Purchase Order for partial orders and to note to close the PO on the final Receiving Report when the last of the shipment has arrived.

Receipt of Damaged or Unsatisfactory Goods

If a shipment arrives with visible damages, the department employee should insist that the freight bills be noted "Received in Damaged Condition" and proceed with arrangements for an "Inspection Report" by the carrier's representative. All boxes and packing materials should be saved until after the carrier has made an inspection. In case of damage made to a parcel post delivery, the local Postmaster should be contacted followed by written notice to the vendor with a copy sent to the purchasing office. Defective merchandise or substitute materials should be reported to the purchasing office by written memorandum. The memorandum should contain the department supervisor's report of the complaint and suggestions of information sufficient to use as a basis for adjustment. The decision to accept an offer of adjustment must be mutually agreed to by the department supervisor and the purchasing office.

Returning Materials to Supplier

Goods <u>MUST NOT</u> be returned without first securing permission of the vendor. When return authorization is obtained, all shipping instructions should be followed and all shipping labels or tags should be attached as directed by the authorization document. The requesting department should also send the vendor a letter of transmittal, which explains full particulars of each returned shipment, including date, requisition number, and name of carrier. A copy of waybill should be attached.

Receipt of Merchandise Not Ordered

If unordered or unidentified material is delivered, the purchasing office should be notified promptly since shipments are occasionally misdirected by vendors or central receiving. The purchasing office will attempt to identify the department that placed the order. The University will accept no responsibility for merchandise received except when delivered in accordance with an official purchase order or PCard purchase.

With any of the above mentioned, please try to have situations resolved within a month if possible.

Utility Bills

The purchasing agent will approve utility bills by initialing receiving report below authors signature.

Custodial Accounts (H Funds)

The university places no restrictions on the expenditures of custodial accounts. Payments will be processed on a requisition or by use of PCard.

Office of Finance Audit Procedure Prior to Processing

The Financial Assistant/Cashier (all funds) or Research and Sponsored Program Manager (C Funds) has the responsibility to check extensions and reconcile all invoices, assign (review) state object codes, and check/verify documentation prior to processing invoices for payment.

University Credit Card

The university credit card, referred to as the ProCard or PCard is an alternative form of small dollar purchasing. It is a JP Morgan Chase MasterCard. It is offered to departments and is authorized for purchases under 10,000, including shipping & handling. The university is encouraged to use the ProCard for all possible small dollar purchases. The intention of the implementation of the ProCard is to lessen paperwork, pay vendors immediately, and allow the university to access vendors who do not accept purchase orders.

The DPS author will be the card holder and must undergo training arranged by the Program Administrator in the Purchasing Office. A *Purchasing Card User Guide* will be issued to the card holder with other material deemed necessary by the Program Administrator.

It is the Purchasing Card User's responsibility to obtain transaction receipts from the merchant or vendor each time the Purchasing Card is used. These receipts **must** show that no tax was charged. **It is the Card User's responsibility to communicate with the vendor before a purchase is made, that SE is tax exempt.**

Each week the card holder will code all transactions that have posted in PaymentNet and each month, the Card Holder will print a statement from the JPMorgan Chase web based program. Each purchase requires the review of the card holder who will assign the correct general ledger account number to each purchase as well as the state object code in PaymentNet, a web based program. Once the card holder has reviewed, coded, and approved each purchase, the budget director/card manager must review and approve each transaction by PaymentNet signing and dating the statement.

A receipt for every item on the statement must be attached and the receipts must match the amount of the statement. Check receipts for tax. If tax was charged, vendor must be contacted and credit secured – make a note in PaymentNet in the transaction notes box if charged tax and vendor will be crediting for that amount. If an unusual transaction, put a note in the transaction notes box.

Individual transaction receipts must be attached to the statement and submitted to the Purchasing Card Administrator in the Office of Finance five working days from the first working day of the month. Log sheets (if applicable) need to be attached to the back of the statement. Failure to meet deadline could result in suspension or revocation of the Card and appropriate disciplinary actions.

Unauthorized Items Include but not limited to:

- Split Purchases
- Personal Use
- Sales Tax
- Cash
- Computer Purchases require a Purchase Order with approval from Help Desk with the exception of Mouse, Keyboard or Software that can be purchased off the shelf
- Gift Certificates / Gift Cards
- Licensing / Lease Agreements
- Conflict of Interest: cardholder should not purchase goods or services from a member of their immediate family or realize personal gain
- Mail / Postage
- Memberships
- Professional Services
- Subscriptions
- Other purchases not permitted under SE Purchasing Policy and Procedures

Unless vendor does not accept a PO or it has been pre-approved by the Purchasing Office.

2.2 GROUP TRAVEL ADVANCE

A Student Group Travel Advance can be requested in DPS by entering a document using a I for In State and an O for Out of State Travel. The universities utilize student activity revenues in funding student-related trips. The universities are authorized to advance these funds to a faculty sponsor or sponsoring coaches. The funds must be used only for travel, transportation, food, lodging, and/or other trip-related expenses in the exact amount of the actual and reasonable expenditures that were incurred. The unused portion of the funds advanced for a trip must be returned to the institution upon the trip's completion. A reconciliation of expenses incurred during the trip must be prepared by the sponsor within a reasonable time (7 working days) after the completion of the trip.

Requirements – RUSO Policy Manual – Chapter 2.2 – Group Travel Advance
https://docs.wixstatic.com/ugd/f17c8f_ef92dcafd20a46e9afdebb6360822723.pdf

STUDENT GROUP TRAVEL CARD POLICY AND PROCEDURES

Student group travel credit cards are authorized for student group travel only. In order to obtain a credit card for student group travel, it will be necessary to check out a Student Group Travel Card. Expenses authorized on the cards will be student meals, lodging, onsite registration, admission, transportation and certain miscellaneous expenses. Other expenses authorized on the card will be Coach/Sponsor meals and lodging **only when accompanying students who are participating in authorized student activity travel. Coach/Sponsor must stay at the same hotel and eat at the same restaurant with students.**

Violations of this policy may result in action from suspension of the card, to "write-up" attached to personnel file to loss of job and/or criminal prosecution.

1. Coach or Sponsor will fill out Part 1 of a **Student Group Travel Card Request Form** http://www.se.edu/dept/purchasing/files/2013/12/Student-Group-Travel-Card-Request-Form-5-21-14.pdf
2. Coach or Sponsor will estimate expenses for the trip and sign the form and obtain the signature of the Budget Director. Coach or Sponsor will submit the form to the Card Holder.
3. The approval signatures signify approval of the funding and expenditure for the trip.
4. Card Holder will review estimated costs to make sure there is available budget to cover the trip. The Card Holder will review form to make sure approval has been obtained.
5. The Card Holder will **log out the credit card** to the Coach/Sponsor. Coach/Sponsor must sign the log to transfer responsibility of the card.
6. **Coach/Sponsor MUST keep all itemized receipts of expenditure** to turn in with trip reconciliation.
7. It is the Coach/Sponsor's responsibility to obtain transaction receipts from the merchant or vendor each time the Student Group Travel Card is used. These receipts **must** show that no tax was charged. **It is the Coach/Sponsor's responsibility to communicate with the vendor before a purchase is made, that SE is tax exempt.**
8. A roster of students who participated in the trip and faculty/staff who participated in the trip must be included with reconciliation.
9. Reconciliation will consist of:
    a. Completed Student Group Travel Card Request Form
    b. All receipts to back up charges claimed on the form must be attached to the back of the form.
    c. Participant roster must be attached to the reconciliation which must include the names of the students who actually went on trip.
    d. Part 2 of the Student Group Travel Request Form must be filled out.
    e. Signatures of Coach/Sponsor must be on bottom of the form
10. No personal items can be charged to the Student Group Travel Card.
11. **It is the Coach/Sponsor's responsibility to stay within budget for the student group travel.** If the pre-approved budget for the trip is exceeded, the sponsor may be responsible for the amount that exceeds the approved request.
12. The Coach/Sponsor will reconcile the Student Travel Card Request Form and attach all receipts, rosters of students who attended the event and appropriate brochures. The completed form will be signed by the coach/sponsor and by the Budget Director/Card Manager.
13. The completed form and the credit card will be turned in to the Card Holder upon returning from the trip.
14. The Card Holder will verify the reconciliation.
    a. Check transactions for accuracy and compliance.
    b. Add state object code and charge out transactions in Payment Net to correct GL account number.

c. Verify that all trip transaction receipts are attached to the Student Group Travel Card Request Form.
d. Verify all approval signatures.
e. Verify that there is adequate budget to cover the expense before sending the reconciliation to the Purchasing Office with the ProCard statement.
f. .
g. Meal receipts must show which items were Coach/Sponsor meals.

15. Reimbursing a Coach/Sponsor for out of pocket expenses:
    a. Fill out the SPONSOR REIMBURSEMENT FOR OUT OF POCKET EXPENSES portion of the form
    b. Attach receipts for out of pocket expenses to a **copy** of the form.
    c. If no receipts are available, a Missing ProCard receipt form (Exhibit G), signed by the Coach/Sponsor & Budget Director/Card Manager must be attached describing the expense.
    d. The **copy** of the Student Travel Card Request Form with the request for Coach/Sponsor reimbursement must be signed by the Budget Director/Card Manager.
    e. Copy of the form and receipts must be presented to Business Services for reimbursement.

All reconciliations for the month must be attached to the card statement printed by the Card Holder at the beginning of every month. Once the Card Holder has reviewed, coded, and approved each purchase, the Budget Director/Card Manager must review and approve each transaction in Payment Net as well as sign and date the statement. Statements and reconciliations must be forwarded to the Office of Finance five working days from the first working day of the month.