

# Purchasing Procedure Policy

## FIN 5.0

### Business Office

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Policy Type: Administrative  
Applies to: Faculty, staff and students

## POLICY DATES

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Issued:  
Revised: December 2015  
Edited:  
Reviewed:

This policy does not include any type of travel (i.e.; hotels, conferences, flight, vehicle, and reservations), please see the Travel Policy and Procedures Guide regarding any expenses related to travel. If you have a purchasing card, Purchase Orders are not needed unless the dollar amount exceeds \$1,000, or your authorized limit on the card. Please see the Purchasing Card Program Guide on the Policies section of iRaider for further details.

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### Definitions

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### Policy Details

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## PROCEDURE

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### PURCHASING PROCEDURES

**The goal of the purchasing procedures at the University of Mount Union is to obtain the best value for the products and services provided to the institution from its suppliers.** For assistance with the procedures or policies please contact the Purchasing Department or the Purchasing Delegate assigned to your area. Purchasing Delegates are assigned for the following areas: Bookstore, Bracy Hall, Fine Arts, Nature Center, Marketing, Information Technology, Library, Physical Plant, and Student Affairs.

**All Other Areas will forward to the Office of Business Affairs**

The primary method of communicating the need for goods and services with any vendor is a Purchase Order.

- A **purchase order** is an approval to order goods and services. It is an acknowledgement that the University has entered into a **legally binding contract** with an outside entity. No single individual is authorized to approve or commit to any contract or obligate the University on their behalf without the prior approval of the Purchasing Department or an assigned Purchasing Delegate.

### **Purchase orders should be used for the following:**

1. Purchase of any supply item or equipment, even those products covered under any previously negotiated contract-pricing agreement. Examples include promotional items, uniforms, or lab supplies.
2. Establishment of a contract for services that are performed on a regularly scheduled basis that involves both performance and invoicing at scheduled intervals (weekly, monthly, quarterly, etc.).

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3. One-time performance of a service or contracted labor (maintenance time and materials, speakers, consultants, etc.).

In order to obtain a Purchase order, an individual making the purchase on behalf of the University, must correctly and completely fill out a **Purchase Requisition**, located on iRaider under Forms-> Purchasing, which provides a detailed description of the product/service needed, its quantity, cost or estimate there of, and delivery requirements. The form also requires the University's general ledger account that the purchase will be charged to. The following signature approvals are necessary according to the amount purchase. Failure to get all required signatures can delay issuance of the purchase order.

- \$0 to \$999, **originator** and **budget officer** of the account to be charged.
- \$1,000 to \$2,499, **the Assoc./Asst. Dean, Assoc Vice President, Athletic Director, Asst. Athletic Director, Controller, Executive Director, or Asst. Director of Physical Plant,** must approve.  
If one of these positions does not appear in your group, area Vice President must also approve.
- \$2,500 to \$9,999, the **area Vice President**, must approve.
- \$10,000 to \$99,999, the **VP for Business Affairs** must approve.
- \$100,000 to \$249,999 the **President** must approve.
- \$250,000 and above, must be approved by the **Board of Trustees**

The University Controller, Directors of Purchasing, Physical Plant, IT, Library, have been given limits of \$5,000 to facilitate routine orders.

Obtaining proper signatures on a requisition to purchase goods and services is a **requirement** established by our auditing procedures and is meant to standardize the purchasing process across campus. These limits include contractual obligations in which a recurring payment for services in a 12-month period exceeds a dollar limit. For example, if the purchase of a service requires 12 monthly payments of \$1,000 each then the purchase will be considered to be a \$12,000 transaction.

Also, we will enforce the requirement that a Purchase Order be obtained **PRIOR** to the placement of any order, with any vendor, for any items or services. Invoices that are received from any vendor without an authorized Purchase Order could be returned to the vendor without payment. We will be notifying vendors of this requirement within our policy as well. For those employees who are issued a purchasing card, the purchasing card is a method of payment not an authorization to order. Any purchases over \$1,000 need proper approvals before ordering.

#### **REIMBURSEMENT**

In the event that products or services are purchased directly by an individual, reimbursement may be obtained with proper approval as described above. The Purchase Requisition/Order form is not intended to be a reimbursement form. A separate Reimbursement Form, available from the Office of Business Affairs, is the official means of obtaining reimbursement. This form should be accompanied with an explanation as to why proper procedures could not be used to obtain the needed goods and/or services. Reimbursements on purchases older than **60 days** will not be considered.

#### **FINAL APPROVAL**

Approval of a purchase order request will be acknowledged by the issuance of a purchase order number by a purchasing delegate after review of the following: vendor selection, product/service specifications, account number, and signature authority.

#### **RECEIPT**

Once goods/services are received by the appropriate party, the recipient will verify the contents to the purchase order. Authorization for payment of the invoice will be performed by the purchasing delegate after a three-way match (packing list – purchase order – invoice) is performed. Once verified, invoices should be signed, dated and coded to the proper account and forwarded to Accounts Payable.

#### **PRE-PAYMENT**

Pre-payment is strongly discouraged to any vendor. Mount Union maintains a strong credit rating and promptly pays all invoices in a timely manner. Pre-payment (either check or credit card) results in the transfer of responsibility from the Vendor to Mount Union. If there is an issue with either the goods received or services performed, Mount Union has

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reduced leverage in resolving any potential problem with a Vendor. Request for check pre-payments are to handled directly with the Accounts Payable department, but still require authorized requisitions prior to approval.

#### **SMALL PURCHASES**

Employees may make small, up to \$250, purchases from their own funds for supplies, equipment, and services used for valid University business and then submit the original receipts to the Office of Business Affairs for reimbursement. Employees are reminded that the University is exempt from paying sales tax. Therefore, individuals making cash purchases for approved University business purposes should present a copy of the University's sales tax exemption certificate to merchants and request that sales tax not be charged. Sales tax exemption certificates are available through the Business Office. The University reserves the right to deduct the amount of sales tax paid when reimbursing individuals for such purchases.

#### **LOCAL BUSINESSES**

Mount Union maintains accounts with several local organizations, and purchases can be made without payment of sales tax, which is not reimbursable. Please contact the Business Office to secure the necessary items needed (purchase order, store credit card, etc.) in advance of the purchase. These vendors include Lowes, Staples, Wal-Mart and Tractor Supply. A complete listing of local vendors can be obtained by contacting the Purchasing Office. Store Cards for the vendors need to be signed out with the Business Office. You must bring an approved requisition to the Business Office and you will then be instructed on procedures for using these cards.

#### **TRADEMARK - LICENSING**

Mount Union has entered into an agreement licensing all of its trademarked logos and word marks. Our trademark licensing program was formed to assist in the protection of all Mount Union trademarks, ensuring that the correct marks are used prior to manufacturing. In addition, this program is in place to help extend the market presence of Mount Union locally, regionally and nationally. Please contact the Office of Marketing for additional information.

#### **SPECIALIZED EQUIPMENT – SERVICE AREAS**

The request to purchase specific items or services that are related to, or, are the responsibility of an existing University Department requires the approval of that Department. These items/services include but are not limited to: Information Technology (Hardware and Software), Multi-Media, Audio-Visual, Telecommunications, Maintenance, Housekeeping, Public Relations, Fleet (Vehicles) and Mail Services. The University also maintains contracts for areas of service that are Campus-Wide. These include, but are not limited to: Office Supplies, Furniture, Copiers, Table and Chair Rentals. Please contact the Purchasing Department for details if you are unsure or unaware if a current contract is in place.

#### **REQUEST FOR PROPOSALS – RFP**

A Request for Proposal (RFP) is a document that details products and/or services (aka specifications) which may be more complex in nature or identifies contractual relationships that would exist over an extended period of time. RFP's are used to solicit proposals from prospective vendors on how they intend to carry out the request for specifications. RFP's contain both general and specific Terms and Conditions of purchase. Proposals in response to an RFP can be subject to negotiations after they have been submitted. These negotiated responses become part of the legal contract. The Purchasing Department must be involved in all formal RFP's issued by the University.

#### **PURCHASING PRACTICES**

##### **Competitive Bidding**

The most effective way to create competition is to solicit competitive quotes/bids. Three submitted proposals are preferred for purchases over \$1,000 (but not always possible). This method ensures the selected supplier is providing goods and services in the most cost-effective manner.

##### **Telephone Quotations**

Telephone quotations may be used for purchases less than \$5,000. These quotations should be documented with the vendor name, name of the individual making the quote, phone number and date of conversation.

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#### **Written Quotations**

Written quotations are required for purchases greater than \$5,000. Written quotations are required to be on the vendor's official paperwork, addressed to Mount Union complete with information on quantity, specifications, pricing, and delivery. Quotations should be submitted with the purchase order requisition and will be kept on file in the Business Office.

#### **VENDOR QUALIFICATION**

Prior to selection as a potential supplier for goods and services to Mount Union, potential vendors are required to be considered as holding a "qualified" status with the University. This may be accomplished in a variety of ways such as checking references, site visits, or trade publications. The financial stability of public entities may be investigated with publications or services such as Dun & Bradstreet. For privately held companies, audited financial statements, bank or trade references may be requested.

#### **VENDOR SELECTION**

The Purchasing Department reserves the right to establish competitive and non-competitive negotiated agreements, and long-term partnerships with vendors when it is in the best interest of the University. Business awarded to suppliers is not based on price alone. The Purchasing Department, in conjunction with the user department(s), carefully weighs other equally important factors (e.g. service, availability, performance, reliability, maintainability, quality, etc.). Vendor selection may be based on the maximum value obtained for each dollar disbursed. The elements of maximum value include more than price, quality and delivery. Technical assistance and innovation, assured supply and cost reduction assistance, are other factors impacting vendor selection. Vendors are encouraged to bring to attention those unique functions and features that are inherent in their products and services being offered to the University. The final selection of the vendor is the responsibility of the Purchasing Department.

#### **CONFLICT OF INTEREST**

A conflict of interest is defined as situations in which personnel or students use their positions for purposes of obtaining private gain for themselves or others, such as those with whom they have family, business, or other ties. Any actual or perceived conflict of interest either by the person initiating the request for goods or services, or by an individual approving the request must be disclosed to the Purchasing Department prior to a commitment to purchase goods or services. Please contact the Business Office regarding a detailed ethics policy if you are unsure regarding a potential conflict of interest.

#### **EMERGENCY PURCHASING**

An emergency is defined as a circumstance when the immediate demand for supplies, materials, or services is such as to seriously hamper the operation of the institution, and in spite of all remedial action possible, would result in damage more costly than the purchase involved, if purchased through normal procedures. In the event an emergency purchase is made, the supervisory employee shall make a full report of the circumstances to the Purchasing Delegate.

#### **CREDIT CARDS**

University issued Purchasing Cards are available to all full-time employees with supervisor approval. The Purchasing Card program is established and maintained by Mount Union as a method of payment to simplify approved ordering processes. Purchasing cards are especially useful for small dollar (less than \$1,000) purchases and while traveling. Please refer to the Purchasing Card Program Guide for full details.

#### **TAX STATUS**

Mount Union is a private, tax-exempt, nonprofit, educational institution exempt from Federal income taxation under section 501(c)(3) of the Internal Revenue Code. This status allows the University to seek exemption from sales tax in states where items purchased for use in the host state. In most states, sales tax collection is not pursued for items purchased in one state then used in another (i.e., items shipped out of state). Tax exemption does not apply to retail Federal and State fuel tax, local hotel occupancy and food taxes, most transportation surcharges, user fees and meal taxes. Tax certificates of exemption are kept on file in the Purchasing Department and are available to any vendor requiring one to be kept on file. Mount Union maintains exemption status for purchases originating in the following states; Ohio, Kentucky, Florida, New York and New Mexico.

#### **LEASES**

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**All forms of lease, lease purchase or rental agreements for the procurement of material or services must be authorized on behalf of the University by the Purchasing Department or the Business Office after receiving approval from the Board of Trustees. Please see the Business Office before entering into a lease or rental agreement.** Regardless of the time period involved in these agreements, a formal purchase order will be issued. The user department should indicate whether it is a new or renewal agreement. When possible a copy of the proposed lease agreement should accompany the requisition. Prior to accepting a lease agreement as submitted by the requisitioning department the Purchasing Department may solicit competitive lease rates. Consideration may be given to as to whether the goods should be leased or purchased. An analysis will consider the availability of funds.

#### **SALES AND SERVICE AGREEMENTS**

Only the Purchasing Department is authorized to sign a sales agreement. Terms and conditions governing a purchase are maintained in the Purchasing Department and are available upon request. Certain items of equipment are covered by service contracts in order to assure continuing efficient operation. Forms required by service companies are to be signed on behalf of the University by the Purchasing Department and forwarded to the company with a purchase order.

#### **PERSONAL ORDERS**

The Purchasing Delegate will not issue purchase orders for personal purchases. Suggestions of possible sources of supply may be offered. Vendors are under no obligation to offer discounts to individuals, and do so with the understanding that their offer places the University under no obligation to do business with them.

#### **MAINTENANCE - REPAIR ORDERS**

All request for building, structural and specified equipment repairs, are to be directed through the Physical Plant office. The Physical Plant will then make a determination if outside vendors are required and coordinate the required service as needed. Physical Plant work order requests can be submitted via iRaider.

#### **OFFICE SUPPLIES**

All routine office supply orders should be purchased through Office Max. All members of the support staff should have access to the online system which has our contracted pricing. Orders can also be completed via telephone. Control mechanisms for this product line will be coordinated by both the Purchasing Department and the vendor. Please contact the Purchasing Department for current names of available staff in your area.

#### **CAPITAL EQUIPMENT**

All requisitions for capital equipment (any purchase over \$5,000) should be directed to the Purchasing Department.

#### **DIVERSITY SUPPLIERS**

It is the policy of the University of Mount Union, through its Supplier Diversity Program, to increase the business opportunities for Minority, Women and Physically-Challenged Business Enterprises (M/W/DBE's). The University's commitment is to maximize M/W/DBE participation through the development of mutually beneficial business relationships with such firms. This policy can be found on the iRaider Portal under Institutional Policies.

#### **GROUP PURCHASING ORGANIZATIONS**

Mount Union has membership in a number of Group Purchasing Organizations (GPO's). Please contact the Purchasing Department for contract information. A current list includes; E&I, IUC, HPSnet, Horizon, US Communities, National IPA, OFIC, Provista, National joint Powers, NEOSO, National Purchasing Partners, and through our membership in the Ohio Association of Colleges, many State of Ohio contracts and pricing our extended to the University. Competitive bidding is not required when using any of these contracts.

**GREEN-SUSTAINABILITY PURCHASING** Responding to the growing need for environmental stewardship and the University's commitment for the implementation of sustainable practices, Mount Union has adopted a Green-Sustainability Purchasing Policy. This Policy can be found on the iRaider Portal under Institutional Policies.

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#### Responsibilities

Position or Office	Responsibilities
Business Office	

#### Resources

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#### Contacts

Subject	Office	Telephone	E-mail/URL
Purchasing	Business Office	330.823.6572	<a href="mailto:businessoffice@mountunion.edu">businessoffice@mountunion.edu</a>

#### History (required)

All changes must be listed sequentially, including edits and reviews. Note when the policy name or number changes.

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