

SAINT MARY'S COLLEGE
PURCHASING POLICIES AND PROCEDURES
Rev. July 2005

Mission

The Purchasing Department is dedicated to managing the most effective and efficient procurement of quality goods and services at the lowest total cost in support of Saint Mary's College mission and goals. This shall be accomplished through exceptional customer service, innovative processes and ethical business practices.

Core Values

- Excellence in Customer Service
- Excellence in Communications
- Best Business Practices
- Adding Value
- Collaboration
- Professionalism and Ethics
- Respect
- Stewardship of College Resources

Authority

Policy 60-1, adopted by the Administrative Council in October 2000 states as follows:
“All purchases of supplies, equipment and services necessary for operation of the college must be made through the Purchasing Department. The Purchasing Department is the sole authority for committing funds for such purchases.

The College will not be bound by commitments made outside the purchasing process other than those approved as petty cash or check request expenditures. Employees who falsely represent themselves as having such authority may be liable for payment to the vendor.”

Sole authority to sign contracts resides with the President, the Vice President of Finance and Administration, and the Director of Purchasing.

Objectives

1. To develop and maintain a good working relationship with campus departments through an understanding of their purpose and objectives.
2. To serve the campus community and be of assistance at all times.

3. To develop and implement programs in coordination with appropriate personnel in all other departments to insure timely buying at the lowest possible cost.
4. To coordinate all legal questions concerning negotiations and procurement contracts with the legal authority of the College.
5. To obtain assistance from suppliers in the application of improved materials and techniques.
6. To develop the Purchasing organization to ensure its ability to discharge the responsibilities entrusted to it.
7. To procure all material, equipment, supplies and designated services in proper quantities with delivery at such places and times as are required by the departments in the best interests of the College.
8. To maintain a current knowledge of advanced purchasing methods and techniques.
9. To negotiate agreements, contracts and leases in the best interest of the College.
10. To promote and maintain the good name of the College, conducting its affairs in an ethical, friendly and professional manner.
11. To fulfill all contractual obligations to the meaning and intent of the contract.
12. To avoid all actual, perceived and potential conflicts of interest.

General Policies

1. All property to which the College takes title or services to be performed in its name, must be requested, authorized, received and paid for in accordance with the provisions of this Purchasing Manual.
2. Requests and commitments for the purchase of property and services involving College or College administered funds must conform to approved budgets.
3. The form of requisitioning, method of execution and the designation of authorized personnel shall conform to the provisions of the purchasing procedures.
4. The duty and responsibility for signing and accepting contracts (except for letters of appointment) binding on the College belongs solely in the offices of the President, Vice President – Finance and Administration or the Director of Purchasing. Contracts in excess of \$10,000 must be signed by two of the above officers.
5. It is expected that all purchasing will be done in such a manner that the interests of Saint Mary's College are given primary consideration. Employees of the Purchasing Department, Department Heads or employees in a position to recommend particular suppliers or consultants shall not accept gifts or entertainment from any present or potential supplier other than a gift involving no more than an ordinary social amenity such as a lunch or dinner where business is transacted, or one involving normal sales promotion or advertising item.

Procurement Options

Saint Mary's College Financial Policies allow for the following methods of procurement of goods and services: Purchase Order, Procurement Card, Petty Cash, Contracts (signed by appropriate College officials) and Check Request.

The Purchase Order:

The purchase order is the primary vehicle for commitment of College funds. This contract, issued to the supplier, provides for basic protection of the College through favorable terms and conditions. This document also provides for the encumbrance of funds through the general ledger and tracking of fixed assets.

A purchase order shall be required for all capital purchases, leases and other procurements of goods and services that are not provided for by the appropriate and authorized use of the procurement card, petty cash, contracts and check requests.

The Procurement Card

The procurement card program was established in 2003 to reduce transaction costs and provide an efficient way to purchase business related goods and services. This program allows for qualified departmental purchases within predetermined purchase limits. This program reduces our need for check requests and petty cash.

The Procurement Card may be obtained by departments through the Director of Purchasing. Cardholders shall be approved by the department head, division VP and the Director of Purchasing. This program is governed by the ***Saint Mary's College Procurement Card User Guide*** approved by the Administrative Council in March of 2003. Cardholders not following these policies may have their cards revoked.

Petty Cash

Saint Mary's College Financial Policy 40-1 governs the use of Petty Cash funds and states as follows:

“The Business Office maintains a central petty cash fund. The purpose of this fund is to provide cash for reimbursement of minor expenses where a check request or purchase order is not appropriate.

Petty cash expenditures may not exceed \$100. The petty cash request should include receipts for purchase and the signature approval of the account manager for the account being charged for the expense.

Sales taxes will not be reimbursed through petty cash.”

Check Requests

Saint Mary's College Financial Policy 42-1 governs the use of Check Requests and reimbursement checks. The policy is as follows:

“The purpose of check requests is to provide for payment of non-recurring minor expenses where a purchase order is not appropriate and the amount is in excess of \$100.

Check requests are normally used as direct payment for hotels, registration fees, subscriptions, honoraria, consulting fees, contracted entertainment fees and required prepayments. Check request forms must include an address due to Banner input requirements. Payments to individuals for services must include the payee's social security number according to Internal Revenue Service requirements. Sales tax will not be paid, so the purchaser should obtain the College's tax exempt number from the Department of Purchasing (or Account Payable) prior to making the purchase. Check request forms are available in the Business Office and require approval of the appropriate account manager. Requests for amounts in excess of \$500 require the approval of the President or Division Vice President.

The request must include receipts or other substantiating documentation and be submitted to the Business Office by Wednesday noon, for payment on Thursday.

Check requests should not be used for vendor invoices.” In the event no purchase order is used, the original invoice should be signed by an authorized individual and sent to Accounts Payable.

Purchase Order Procedure

Purchase Requisition

1. The requisition must be provided to initiate the purchase order. This form provides for the authorization by the account manager for charges against his/her accounts.
2. Insert account number(s) and department name in spaces provided.
3. Indicate date material or services are required (ASAP is not a date)
4. Suggested supplier should be shown whenever possible. It is recognized that many departments, especially in science and information technology, have contacts with business firms and manufacturers and know the nature and suitability of their product. If specifications and quotations are obtained, all quotations, letters and other papers are to be attached to the requisition. If it is essential that materials or services be obtained from a particular supplier, the reasons should be stated on the requisition or attached.
5. Insert complete and specific information concerning requirements. In the column headed “quantity”, state the number of each item required. Under “unit” show each, dozen, case, etc... Under description, give complete specifications, including part number, style, color, size, model, etc.
6. All requisitions must be signed by the account manager or their designee.
7. Remove the pink copy for departmental files. Forward the other two copies to the Purchasing Department. When your order has been placed, the yellow copy will be returned to you with the receiver copy of the purchase order.

The Purchase Order

1. After the requisition is received by the Purchasing Department, specifications are edited for accuracy and suitability. A supplier is selected either on the basis of competitive bids, existing contracts or selection from supplier base maintained by the Purchasing Department.
2. Upon selection of a supplier, a purchase order is prepared and the original copy is signed by the Director of Purchasing, Controller or Vice President of Finance and Administration and sent to the supplier. The receiver copy is sent to the ordering department to hold until the materials or services are received. When materials or services are received the department shall sign this copy and return it to the Purchasing Department.

Receiving

Our established policy requires that all purchased goods delivered by common carrier are directed to central receiving in the Facilities building. There are times, however, when exceptions are made and the goods are delivered directly to a person or building.

The receiving department is responsible for notifying Purchasing when materials ordered have not been received. This may be accomplished by a telephone call, email or memo to Purchasing, indicating the supplier, purchase order number and items not received. Purchasing will follow up on delivery of materials only when requested to do so by the requisitioning department.

The following is a description of action to be taken for orders received:

1. Complete Shipment – All items have been received in acceptable condition. Sign and date receiving copy of the purchase order and return to the Purchasing Department.
2. Partial Shipments – Certain items were “back-ordered” or not available or included in the shipment. Write back-ordered or B/O next to item(s) not received and received or “Rec’d” next to items received in total. Make a copy of the receiving copy of the purchase order and return to the Purchasing Department.
3. Damaged Material – Call the Purchasing Department immediately. Do not call the supplier. We will contact the supplier for replacement and/or proper adjustment. Be sure to keep the delivery bill and save all containers and packing material.

4. Exchanges – Any item which was received but differs from what was ordered (size, catalog #, color, etc) Call the Purchasing Department immediately (do not call the supplier) so that they may contact the supplier for the exchange and proper adjustment.
5. Cancellation – If for any reason an item is to be canceled, call the Purchasing Department (not the supplier) immediately, so that they may arrange with the supplier for such cancellation. Please note that some orders may incur charges for cancellation.

It is extremely important that the receiving copy of the purchase order be returned to the Purchasing Department. The Business Office will not pay a supplier's invoice until it has received such authorization for payment.

Emergency Purchases

For emergency purchases, the following procedure is to be followed: Call the Purchasing Department, state your need and the Purchasing Department will immediately place your order by fax with the supplier. The requisitioning department shall prepare a requisition immediately and bring it to the Purchasing Department. If this emergency should require someone in your department to pick-up the merchandise, prepare your requisition in accordance with the above procedures and bring it to the Purchasing Department. A purchase order will be prepared while you wait and be given to you to carry to the supplier. In no case should the purchase order be solely given to the supplier over the phone.

Blanket Purchase Orders

In an effort to reduce repetitive and small orders for materials and/or services, it may be desirable that a department submit a requisition indicating their yearly needs. A blanket purchase order may be issued to such suppliers and must be obtained in advance. These blanket purchase orders encumber your funds in the general ledger.

Departments requesting blanket purchase orders may wish to apply for a procurement card. This method is preferred over the blanket purchase order. The Purchasing Department can assist you in evaluating the practicality of a procurement card vs. blanket purchase orders.

Capital Purchases

Capital purchases are governed by Financial Policy No. 70-1 passed by the Board of Trustees, which is as follows:

Capital purchases are defined as items purchased with College funds with a cost of \$1000 or more and a useful life of more than one year. Items of lesser amounts and/or shorter useful lives are to be included in the operating budget.

Capital purchases must have the prior approval of the Board of Trustees expressed through the approval of the capital budget. Capital funds approved by the Board of Trustees may be used for different items if the cost of the different items is less than \$2000 and approved by the appropriate Vice President. The President may approve reallocations of capital funds up to \$10,000 without prior Board of Trustee approval. All reallocations of funds will be reported to the Board of Trustees at their Fall regular meeting.

All capital purchases must be made by purchase order. Capital budget funds are available for department use after approval by the Board of Trustees and the beginning of the fiscal year for which they are approved. Capital funds expire at the end of the next fiscal year. In other words, capital money approved for Fiscal Year 2004-05 must be used before May 31, 2006.

It is highly recommended that you contact the Purchasing Department to assist in obtaining quotations and estimates for capital budget requests prior to submission. The department will assist you in making accurate estimates based upon market conditions and other factors. This planning will significantly increase the odds that you are able to successfully complete the project after funding.

Bid Threshold

The President's Cabinet established rules in 2005 governing the use of competitive bidding for capital budget purchases:

Competitive bids must be obtained for all capital budget purchases. A purchase order will not be issued without evidence of such bids. All capital purchases must have a purchase order.

A capital budget purchase is defined as follows:

1. Any purchase exceeding \$1000;
2. With a useful life of over 1 year;
3. Funded through the plant fund;
4. Approved by the Board of Trustees;
5. or, unbudgeted or reallocated capital purchases.

Exceptions:

The use of consortia agreements and negotiated contracts which were the result of a competitive bidding process will be exempted from this requirement.

A sole source justification may be prepared to be reviewed by the Director of Purchasing. This justification must be submitted or a sole source will not be considered. Propriety software and equipment may qualify for sole source exemption.

Items which have been included under a standards program for technology or furnishings which are only available from a single source are exempted from this requirement. A standards program may only be established with the approval of the Director of Purchasing.

Competitive bids may be obtained by utilization of a Request for Proposal, Invitation to Bid or Request for Information. If assistance is needed with this process, consult the Purchasing Department.

All contracts which result from these requests must be submitted for review by the Vice President for Finance and Administration.

Surplus, Obsolete or Used Equipment

The College maintains a fixed asset inventory of all capital purchases. These purchases are depreciated according to best accounting principles reflecting life expectancy and other factors. It is critical that these records accurately reflect the durable assets of the College. The disposition of these assets upon replacement, relocation, obsolescence or storage must be coordinated to protect the validity of this inventory. The Director of Purchasing has been charged with the responsibility of determining the disposition of these assets.

The following procedure has been established:

1. Contact the Purchasing Department to determine if the item should be traded, stored or disposed.
2. Work Orders may be completed to request storage of these items.
3. Items which are placed in general College storage will be made available for use by other departments. The College does not possess adequate storage to protect individual department assets for future use.
4. Disposal of capital assets must come with prior approval of the Director of Purchasing and requires the recording of asset information (model, serial number, etc...)
5. The College will conduct periodic sales, auctions and donations of surplus materials and equipment.
6. No College property should be removed without the written consent of the Director of Purchasing.