



Purchasing Policy & Procedure

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Approved by President Wiley

Date Approved:

Authority to Sign Contracts Policy

Section I

Purpose

The individuals who hold the following positions are designated as having the authority to sign contracts.

Section II

Procedures

In addition to the President of the University, the individuals who hold the following positions are designated as having the authority to sign contracts, other than personal service contracts, on behalf of the University:

- The Vice President for Academic Affairs
- The Vice President for Business Affairs
- The Chief Technology Officer
- The Comptroller/Asst. Vice President for Business Affairs
- The General Manager, KRSC-TV

The nature of the authority delegated, the areas of activity to which it is limited, and the upper limit of the authority in terms of dollars are outlined on the attached schedule.

All Department Heads, Deans, Managers, Directors, and others who have authority to purchase goods and services from his or her budget accounts shall follow the Board of Regents Policy Manual, Section 4.10, Buying and selling Goods and Services, University Purchasing procedures, and will have requisition authorization limits as established in July of each fiscal year.

All technology related purchases will be reviewed and approved by the Chief Technology Officer and will follow University Technology Purchasing Procedures.

The Vice President for Business Affairs will coordinate with the University's Office of Legal Counsel and will review all contractual documents.

Compliance Review Policy

Section I

Purpose

To ensure compliance with the policies and procedures of the Office of Business Affairs, Budget Administrators are expected to follow University policies and procedures of the Office of Business Affairs. As part of the continuing effort to ensure communication and compliance with University policies, the Office of Business Affairs will communicate and provide education to departments concerning policies and procedures.

Section II

Procedure

Budget Administrators will be notified of instances of non-compliance with policy and procedure in an effort to ensure understanding and compliance with established practices.

Encumbrance and Pre-Audit Policy

Section I

Purpose

Encumbrance Policy

Rogers State University (RSU) follows the guidelines of the Office of State Finance (OSF) for encumbrance of funds processed on campus. Encumbrances are handled by one of four basic methods.

1. Single purchases of items qualified under Oklahoma State Regents of Higher Education (OSRHE) petty cash policies are exempt from encumbrance when petty cash funds are authorized to a respective department.
2. Items over the petty cash limits established in (1) above will be encumbered on purchase orders or blanket purchase orders.
3. Purchases that are subject to the Board of Regents for the University of Oklahoma and Rogers State University bid requirements will be encumbered on purchase orders.
4. Transactions which are internal to the University do not require encumbrance.

Placement of any order with a vendor for the purchase of goods and/or services requiring an encumbrance shall not be made prior to the issuance of a purchase order by the Budget & Accounting Office.

Pre-Audit Policy

RSU uses the OSF pre-audit claims settlement procedure as the pre-audit guide. These reviews may be accomplished either by computer edits or manually.

1. Reference materials to be used in addition to the pre-audit guide are OSF's DCAR Updates and the Procedure Manual for the Office of State Finance.
2. Pre-audit procedures are applied by the RSU purchasing office under the direction of the Comptroller.

Section II

Procedure

Encumbrance Procedures

Encumbrance procedures at RSU involve three distinct processes that include allotment control, budgetary assignment and requisition review.

Allotment Control

Allotment control is the process that divides the University's budget to functional shares and is controlled by the Poise allotment program. The initial allotment as submitted on SRA-3 (fiscal budget) is entered and monitored throughout the year. The monthly allotment (green-bar) report allows Budget Administrators to review the allotment by function, with the year-to-date (YTD) expenditures and the current encumbrance total. This includes the purchase orders, the allotment balance, the remaining salary, wage and fringe benefits budgets and the free allotment balance.

Budgetary Assignment & Control

Budgetary control is maintained in the Poise system by a line item budget, by department, which are reconciled with the allotment report. This basic budget control device is referenced during routine requisition and invoice processing to provide managers updated budget balances and notice of budget overdrafts.

Requisition Review

Requisition review is required on all traditionally encumbered items, such as supplies, materials and equipment, professional and personal service contracts, maintenance contracts, and travel expenses paid directly by the University (See University Travel and Student Group Travel Policies for more information). The requisition entry process involves the entry of a requisition submitted by the department [prior to the order of and in advance of the delivery of goods or the performance of services] that is coded, reviewed and entered for budgetary review.

Requisition approval is divided into three levels of managerial review. Budget Administrators with petty cash authority have approval within their respective petty cash limits for purchases that meet the OSRHE petty cash guidelines. These items are subject to post-purchase review during disbursement approval. The next level of review includes Budget Administrator approval as well as approval by the Procurement Coordinator. This review is generally performed for all items up to the University's quote level of \$5,000. The final level of review is performed by the Comptroller and includes all items over the quote level and any other transaction deemed necessary.

Guide to Purchasing

Purchasing Levels and Approvals

Dollar level of Purchases Approval Requirements

Petty Cash	Petty Cash purchases do not require prior approval by the Budget & Accounting Office (not valid for professional or personal service, postage or travel reimbursements)
\$0-\$5,000	Requisition entered, approved and forwarded to Procurement Coordinator for approval. Entry and Approval authority is established within the POISE DPS (Distributed Purchasing System). Final approval date must be prior to or concurrent with the order date with the vendor.
\$5,000.01-\$50,000	Additional documentation for requisitions of goods and/or services with a cost between \$5,000.01 and \$50,000 must be forwarded to the Procurement Coordinator before the purchase order will be approved. This can be accomplished by the submission of a completed "Quote Sheet"; generally, a minimum of three (3) quotes will be required. Exceptions include purchases from: State contracts or consortium contract pricing; or, State or Federal entities. If less than three (3) quotes are obtained, explanation must be provided as an attachment to the quote sheet.
\$50,000.01 and above	Competitive bid by Budget & Accounting Office unless: at or below State or consortium contract pricing; or, purchased from State or Federal entities.
Over \$125,000	Requires prior approval by the RSU Board of Regents.

Professional or personal service contracts are required for speakers, honorarium and other personal service items.

Oklahoma is governed by a public use law, which disallows the use of public monies for personal items and other items not directly related to the mission of the University.

Please call the Procurement Coordinator at extension 7790 if you have any questions or need additional information.

Personal Service Contracts Policy

Section I

Purpose

To define departmental responsibilities relating to independent contractors, consultants, or payment for professional services, and to provide a means of contracting with non-state employees for services performed for the benefit of the University. Payments for such services, their reporting and taxability are governed by Oklahoma State Statute(s) and the Internal Revenue Code.

Section II

Procedure

The criteria used for determining whether an individual should be considered an employee or independent contractor are established by the Internal Revenue Service (IRS), Department of Labor, and the courts. In general, an **employee** is an individual who performs a service for the University and operates under the direction and control of the University. Direction and control can be inferred to exist when the University has the **right** to control the results as well as the means and methods of the worker.

An **independent contractor** (IC) is a person engaged by the University on a limited basis to perform specific functions or tasks at his or her own discretion with respect to the means and methods used to accomplish the assignment. Independent contractors are also known as consultants or independent service providers. These individuals must not be currently employed by the University and must not have been employed by the University within the previous rolling twelve month period.

The IRS has focused on this issue and given high priority to the classification of employment relationships and the tax implications of the decisions made. The penalties for misclassification can result in the University being held responsible for under payment of taxes including federal and state income tax, social security and Medicare taxes, and federal unemployment taxes. Whether inadvertently or intentionally, misclassification of workers as independent contractors may result in charges to the department for taxes, penalties, and interest. Therefore, all University Departments will adhere to the procedures as outlined below.

GENERAL GUIDELINES

Prior to engaging the services of any individual or firm as an independent contractor, the contracting department must obtain approval from the Employment & Benefits Office by submitting a Request for Independent Contractor Approval Form. In addition to the

requesting department, there are **three offices** that will work together to approve the independent contractor form and to provide payment for any IC. These offices are Employment & Benefits, Procurement and Accounts Payable. In some cases, the RSU Payroll Office may also need to be involved.

The length of time for IC services to be performed as designated on the request form is not to exceed one year from the date the request is approved.

State law prohibits any State agency (the University) from entering into a sole source contract or a contract for professional services with or for the services of any person who has terminated employment with or who has been terminated by that agency for one (1) year after the termination date of the employee from the agency. Exceptions to this restriction are noted in the Oklahoma Statutes, Title 74, Section 85.42, the “Oklahoma Central Purchasing Act.”

Any individual “contract” specifying details of work to be performed or liability for non-performance is between the contractor and the department engaging them to perform the services and is the responsibility of the department. The University policy is that payment for any such contract is not to be made until the services have been performed and proper approvals and documentation are forwarded to Accounts Payable.

In order to qualify as an Independent Contractor, the service provider must be an individual or Sole Proprietor utilizing a social security number for tax purposes.

If the service provider is a business operating with a Federal Employer Identification Number (FEIN), the University department is not required to request advance approval for IC classification.

If the service provider is used more than once a year by the same department for similar projects, the Request for Independent Contractor Approval Form need only be completed once **every rolling twelve (12) months from the date the form was approved by Employment & Benefits. This is not calendar year, tax year or fiscal year.** If there is a repeat service provider, the best practice is to complete a new form at the beginning of each fiscal year. During the 12 month rolling period, the department may make copies of the approved form for subsequent encumbrances.

PROCEDURAL STEPS FOR OBTAINING APPROVAL:

1) THE DEPARTMENT WILL:

- Complete the Independent Contractor Request Form and forward to the Employment & Benefits Office AFTER approval by the appropriate sponsor.

2) EMPLOYMENT & BENEFITS WILL:

- 1) Review the Independent Contractor Request Form and determine whether or not the person is eligible for independent contractor designation according to IRS regulations.
- 2) Contact the department to resolve any problems with the form.
- 3) Forward a non-approved request to Payroll for notification to the department that the individual should be paid through payroll methods.
- 4) Forward a copy of the request notifying the requesting department of approval, and forward the original, approved documents to the Procurement Coordinator.

3) PAYROLL WILL:

- Coordinate with the requesting department the establishing of the individual as an employee, if the independent contractor request is not approved by Employment & Benefits, due to current or recent employment status.

4) THE DEPARTMENT WILL:

- Upon receipt of the approved independent contractor request, process a purchase requisition to establish an encumbrance for services requested, or, upon notification from the Payroll Office that the independent contractor request is denied, process a PR2 (Employee Transaction Form) to establish the individual as an employee for purposes of the services requested.
- If the IC request is approved by Employment & Benefits, submit an original, fully executed Personal Services Contract and an 'Affidavit of Exempt Status Under the Workers' Compensation Act' to the Procurement Coordinator. These documents will be required before the issuance of a purchase order.
- Upon receipt of invoice for services, submit approval for payment with copies of the Personal Service Contract to Accounts Payable. During the 12 month rolling period, the department may make copies of the approved request form for processing payment.

5) PROCUREMENT WILL:

- Upon receipt of an approved independent contractor request and accompanying documents, as defined in paragraph 4) above, complete the purchase requisition process by issuing a purchase order to the requesting department.

6) ACCOUNTS PAYABLE WILL:

- Process the request for payment upon receipt of the approved invoice/payment request.
- Maintain tax records on any payments made to individuals and generate the appropriate 1099 forms, with distribution to the IC and the IRS.

Professional Services Contract Policy

Section I

Purpose

Title 74 Section 85.41 of the Oklahoma State Statute requires certain items to be obtained when the University contracts for professional services.

Section II

Procedure

The University considers the following professions to be covered by this section:

Auditing/Accounting/Actuary

Architectural/Engineering/Surveying

Attorneys and Lawyers

Medical Service Providers

Section III

Forms

Professional Service Contract Checklist

Purchasing Procedures Policy

Section I

Purpose

The purpose of this section is to establish a procedure to be followed in purchasing and procuring materials, services, and equipment by/for Rogers State University.

Section II

Procedure

General

The intent of these procedures is to ensure that all purchases are made in the most effective and efficient manner possible. University purchasing staff will utilize the Oklahoma Department of Central Services (Central Purchasing), local bids, and negotiation with potential vendors to effect the acquisition of requested items. University procedures necessitate early anticipation of needs in order not to delay acquisition. Certain administrative procedures must be accomplished prior to making a purchase. These procedures must be followed by all personnel and no funds will be obligated prior to official approval. Budget Administrators who have not received copies of completed purchase orders by the fifth working day after submission should contact the Procurement Coordinator.

No major purchases from departmental budgets will be made after May 31 each year unless considered to be of an emergency nature.

Use of State Central Purchasing

The use of state-wide contracts, consortium contracts, or contracts of other State Colleges & Universities, if available, is encouraged but is not mandatory.

Obtaining Bids or Quotes

It is the policy of the University to obtain multiple quotes for single purchases between \$5,000.01 and \$50,000. The purchase of single items in excess of \$50,000 will be made according to OU Board policy.

Any expenditure in excess of \$125,000 from University funds or Federal Program funds being administered by the University must be presented to the OU Board prior to entering into an agreement with a vendor. The following procedure is to be followed in requesting supplies and equipment for purchases greater than \$125,000:

1. All requests of this nature should be communicated by the Department Chairperson or Budget Administrator to the respective Vice President.
2. Review and approval may require review by the respective Vice President, the Vice President for Business Affairs, and the President to ensure the validity of the request as well as determination as to availability of funding.
3. Requests by the department chairperson or budget administrator should include all required information, including cost. If the exact cost is not known, an estimated total cost should be provided and so noted as an estimate.
4. In cases where funds are not available, requestors will be notified.
5. If the request is approved, the Budget & Accounting staff will notify the requestor of the funding sources. Purchase requisitions should not be entered until funds are declared available or until otherwise approved.

Requisitions may not be split in order to decrease the amount of a purchase to an amount small enough to fit into one of the previously stated categories.

It is the responsibility of the requesting department to include a complete list of specifications for the item(s) desired on a purchase requisition. These specifications shall state color, size, and any other items peculiar to the supply or equipment desired. The requestor must be able to describe the item in such a way as to the quality desired. The University purchasing staff will assist department staff in developing the specifications for bid items as needed, and the University purchasing staff are authorized to rely on the user department recommendations or seek additional competitive bids. Budget Administrators will be consulted in questionable cases.

Procurement Through State Surplus Property

The Oklahoma State Surplus Property Office is a source of supplies and equipment released by the military services and other state agencies. The use of this office is encouraged in obtaining available items needed by departments of the University. Such items can be purchased at a substantial savings to the University.

The Office of State Surplus Property has been informed that any individuals making a purchase from this source must have prior, written authorization from the University purchasing staff to authorize a purchase.

Purchases for Federal Programs

Administrators of federally supported programs sponsored by Rogers State University shall abide by the same regulations as University departments. Federal Program Administrators are directly responsible for proper expenditure of funds as authorized in the approved budget and permitted in the program regulations and guidelines. Purchasing procedures for federal programs will be the same as those of the University and/or any other compliance directives pertaining to the specific programs. Please contact the Budget & Accounting Office for further information.

Disputes With Vendors

If any item received from a vendor is questionable as to quality or quantity, the Budget Administrator should inform the University purchasing staff for assistance in the determination of appropriate action to be taken.

Requisition Submission

Authorized Department personnel (Authors) have the ability to input purchase requisitions into the University's Distributed Purchasing System (DPS). Additionally, authorized personnel (Approvers) will utilize the DPS to approve purchase requisitions.

For step by step instructions regarding the DPS, please refer to the DPS Users Guide.

The University purchasing staff will determine the proper method to complete the purchase order. Rogers State University employees are not authorized to make expenditure commitments prior to purchasing authorization. Invoices will not be paid without proper authorization.

Discussions with vendors, made by or authorized by budget administrators, should specify that no shipment is to be made until a purchase order is issued.

After a purchase order is completed and furnished to the requesting department, the materials or equipment may be procured. Except for petty cash purchases, or any other exception authorized by the Vice President for Business Affairs or the Comptroller/Asst. Vice President for Business Affairs, NO PURCHASE IS AUTHORIZED WITHOUT A PURCHASE ORDER PROPERLY VALIDATED BY THE BUDGET & ACCOUNTING OFFICE. Emergency telephone orders may be granted by the University purchasing staff if deemed appropriate.

Invoices

After the materials or equipment have been received, the vendor should forward an original invoice to the Budget & Accounting Office, attention: Accounts Payable. When invoices have been received, the following action will be taken:

1. The invoices will be date stamped upon receipt, and forwarded to the respective department to which the purchase applies.
2. Upon receipt by the buying department, invoices should be matched to the respective purchase order and reviewed for accuracy.
3. Budget administrators should verify that the item(s) have been received as shown on the invoice, that the item(s) are satisfactory, and that payment may be made.
4. This review should also ascertain that the date of the invoice is not prior to the date of the purchase or blanket purchase order. Purchases made prior to issuance of a purchase or blanket purchase order are prohibited. Exceptions to this policy may be made by the Vice President for Business Affairs or his designee.

Explanation for such instances should be provided by the responsible Budget Administrator as an addendum to the invoice/purchase order approval upon submission to Accounts Payable.

5. Timely payment requires that an invoice be paid on or before 45 days after receipt of the invoice. Delays which cause an invoice to not be paid timely should be documented by the responsible Budget Administrator and included as an addendum to the invoice/purchase order approval upon submission to Accounts Payable.

Physical Requirements

Prior to any purchase of equipment that may require space modification or electrical service that may exceed the present service, the Physical Plant Director and/or Computing Services shall be contacted to ensure that any required physical changes can be made.

Reimbursements for Workshops, Short-Courses, Seminars, Etc. Policy

Section I

Purpose

To promote employee training and professional development.

Section II

Procedure

Reimbursements for registration or similar fees for attendance at workshops, seminars, etc., for which Rogers State University employee participants receive continuing education credits, may be reimbursed. The workshop, seminar, etc., must be related to the employees' job responsibilities and must be approved in advance by appropriate University personnel, i.e., Department Head, Dean, Vice President, or President.

Technology Purchases Policy

Section I

Policy

Rogers State University requires the coordination of the acquisition of technology related goods and services with Computing Services.

Section II

Procedure

While Academic Computing Services (ACS) appreciates the challenge University staff has in identifying technology purchases at times, it is not possible for ACS to identify all items that are to be considered technology purchases. The same applies when trying to identify all items that are considered office products/supplies. However, by using common sense and guidelines previously supplied by ACS, department and purchasing personnel should be able to identify items that may be considered technology or technology related. All uncertainties should be directed to ACS for clarification before the purchase is approved. Once an item is initially identified as being technology or technology related, then each subsequent purchase of the same or similar item should be marked as a technology item.

Wal-Mart Purchase Card Use Policy

Section I

Policy

Rogers State University established the use of a purchase card for the purchase of low cost goods with Wal-Mart.

Section II

Procedure

1. Only Rogers State University employees may be allowed use of a Wal-Mart card. Students will not be allowed access to or use of a card, unless said student has been appointed an officer of the Student Government Association.
2. Use of the card shall be limited to purchase of supplies and materials that directly benefit the mission of Rogers State University. Purchase of items for personal use is prohibited.
3. University employees requesting use of a card must have previously executed a signed affidavit acknowledging his/her responsibilities with respect to use of a card. This affidavit must be on file in the Procurement Office before a card will be issued.
4. Cards should be used and returned prior to the end of the business day. Certain exceptions will be made to allow for use over extended time periods.
5. When in the possession of an employee, the card must be kept in a secure area. If unable to return the card by the end of the business day, the card must be secured, if not on the person, then in a locked drawer or cabinet until it is safely returned to the Procurement Office.
6. Prior to using a card, the department must have a copy of an approved Purchase Order in support of the intended expenditure.
7. Receipts should be marked "OK to pay" by authorized department personnel and forwarded to the Accounts Payable office within 48 hours of purchase.
8. If a card is lost or stolen, the Procurement Office should be notified immediately.