

Purchasing Procedures Outline

PURPOSE: The purpose of the IWC purchasing procedures is:

1. To give order and structure to IWC's expenditure of funds.
2. To safeguard IWC's resources against inappropriate expenditure.
3. To put in writing the basic financial procedures so those who participate have clear and concise procedures to follow.

I. Administration

A. Levels of spending

1. Small Order \leq \$150
2. Master Card / Staples Credit Card \leq \$150
3. Petty Cash \leq \$20.00
4. Purchase Order $>$ \$150
5. Travel/out of pocket expense
6. Capital spending \Rightarrow \$1,000

B. Approvals-Signatures required

1. Petty cash – recipient, supervisor
2. Small order – requestor, supervisor
3. Purchase order:
 $>$ \$150 and \leq \$5,000 – Vice President, Senior Vice President ,
 \Rightarrow \$5,000 - President
4. Travel/out of pocket expense – same as #2 or #3
5. Capital spending –same as #3

II. Small Order

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|----|--------------------------------------|--------|
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| B. | Master Card/Staples Credit Card..... | Page 5 |
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VII. Accounting calendar – fiscal year 12-13

Monthly closing dates are five business days after the following dates:

| 2012 | 2013 |
|-----------------------------------|-----------------------------------|
| January 31 | January 31 |
| February 28 – 3 rd qtr | February 28 – 3 rd Qtr |
| March 31 | March 31 |
| April 30 | April 30 |
| May 31 – Year End | May 31—Year End |
| June 30 | |
| July 31 | |
| August 31 – 1 st Qtr | |
| September 30 | |
| October 31 | |
| November 30 – 2 nd Qtr | |
| December 31 | |

Anything that needs to be done in a specific month or for the year should be brought to the Business Office’s attention by these respective dates.

IV. Accounts Payable

Checks are done on Tuesdays. Submissions are due at noon on the previous Wednesday.

SUBJECT: Approval Policy and Flow

In order to facilitate the proper expenditure of College funds and assure the maximum participation of all levels of management and supervision the following approval chain is to be followed:

Requestor Once expenditure is planned the requestor prepares and signs the appropriate paperwork.

Department Head Department Head needs to approve the purchase

At the =<\$150 level this is all the approval needed unless a cash freeze is in place.

For purchases of any expenditure from \$150 - \$5,000, the following is required in addition to the above:

Senior Vice President for Business Affairs

The Senior Vice President and the Department Vice President needs to sign any expenditure in this category. You will be notified if there are questions on the expenditure.

President The President approves any expenditure over \$5,000

The above approvals are cumulative. Where paperwork lacks the needed approvals it will be sent back to the requestor.

Note: Invoices received that do not reference a valid SO or PO number will be sent back to the vendor. All vendors are aware of this, and the Business Office will refuse to pay for things which it cannot verify. The paperwork must be approved **BEFORE** a PO is issued and **NO** ordering should be done without one.

Note: Payments to individuals (Cooperating Teachers, Officials, Forum Speakers, entertainers for Student Activity functions, prizes/awards, and any other category requires that you supply the name, address, phone number, and Social Security Number. Payment can't be made without this information.

SUBJECT: Purchases under \$150 (Small Order)

1. Complete your SO using the guidelines that follow:
 - a. Date
 - b. Vendor
 - c. Account code
 - d. Description of item or items
 - e. Requestor's signature
 - f. Department Heads signature
 - g. Note any special instruction in the comments area:
Ex: you want accounts payable to place the order (include phone number)
A check needs to be sent with order.
You wish to use the credit card
2. Call x6207 for an SO number to be assigned. You will be asked to give the vendor name and amount.
3. Place your order having the vendor reference our SO # on their packing list and invoice. Send the original SO to accounts payable, a copy to Central Receiving and keep a copy for your files.

SUBJECT: Use of the MasterCard/Staples Credit Card for local small purchases.

1. Use of the card is restricted to small purchases under \$150. Any other use must be approved through the Senior Vice President.
2. Complete the SO paperwork. No number will be assigned, but the SO is needed to know where to charge the order and to have the required signatures. Call x6207 and reserve the credit card. Bring your SO when you pick the card up.
3. After making the purchases, bring ALL original receipt(s) to Accounts Payable with the credit card. Copies can be made for you.
4. IWC has no open charge accounts with any vendor in Mt. Pleasant or surrounding areas. The credit card or reimbursement system should be used for these items. Any questions call x6207.
5. IWC does have tax exempt cards for Wal-Mart and Staples which saves the college sales tax. These should be used when possible. You will not be reimbursed for taxes paid, if the exempt cards were available to be used.

SUBJECT: Petty Cash Procedure

Petty cash reimbursements are for amounts up to \$20. Employees should fill out an Out-of-Pocket-Expense Request and attach the original receipt, sign the form, and have your supervisor sign. Bring the paperwork to the cashier in the Business Office, No money will be sent through inter-office mail.

SUBJECT: Agency/Restricted Funds

You are required to do any paperwork as you would for other expenditures. Approvals required are the same.

SUBJECT: Purchases of \$150 and Over

Purchases of \$150 and above require a Purchase Order. The procedure to be followed BEFORE a purchase of this size is as follows:

1. Complete the Departmental Requisition form:
 - a. Date
 - b. Vendor name and address
 - c. Account code for item or items
 - d. Description of item or items
 - e. State a need or purpose for the proposed purchase or expenditure
 - f. Have the department head approve the purchase.
 - g. Attach a quote, price list, or other vendor supplied documentation to the requisition.
 - h. Notate any special instructions at the bottom of the form
2. Complete the Requisition as above, secure all the necessary approvals, and forward to Accounts Payable for review. If there is a need for more information you will be contacted.
3. Once approved the requisition is used to generate a Purchase Order (PO) which is then sent to the requestor. When you receive the green copy you can then place your order, a copy is sent to Central Receiving for you.
4. When the goods are received, Central Receiving will send notification to accounts payable, it will be matched with the invoice/PO and entered for payment if there are no problems with the order
5. Special Issues
 - a. Leases, contracts, and other legally binding agreements – require a Departmental requisition only as a coding and approval device. These obligations go through their own approval and legal review process which does not result in a PO. These agreements must have the signature of either the President or Chief Financial Officer before they can be entered into. No final approval to a vendor on any of these items can be given until this is done.
 - b. One time contracts and agreements, however, need to be accompanied by a properly prepared and approved Departmental requisition in order to generate payment as of the required date.

SUBJECT: Travel

The Business Office is responsible for the final review and approval of requests for reimbursement of travel expenses. In the execution of this responsibility, the Business Office will bring to the attention of the appropriate Vice president the approval of any request for unusual and/or excessive amounts.

Tax Exemptions: We have Iowa forms along with a few other states for you to take with you when traveling. Request these forms from Accounts Payable.

DEFINITIONS

A. Accountable Plans

The Internal revenue Service Code states that, to be an accountable plan, an employer's reimbursement or allowance arrangement must include all three of the following rules:

1. Expense must have a business connection – that is, expenses should have been paid or incurred while performing services as an employee of the employer.
2. Adequately account for these expenses to the employer within a reasonable period of time.
3. Return any excess reimbursement or allowance within a reasonable period of time.

B. Adequate Accounting

1. Employees must account for their expenses by providing the employer with a statement of expense, an account book, a diary, or similar record in which the employee enters each expense at or near the time it was incurred, along with documentary evidence (such as receipts) of travel, mileage, and other employee business expenses.
2. Employees account for all amounts received from the employer during the year as advances, reimbursements, or allowances. This includes amounts charged to the employer by credit card or other method.
3. Employees provide the employer the same type of records and supporting information that would have to be provided to the IRS if the IRS questioned a deduction on an employee's return.
4. Employees pay back the amount of any reimbursement or other expense allowance for which an adequate accounting is not provided, or for reimbursements in excess of the amount for which an employee was reimbursed.

C. Reasonable Period of Time

1. Employees receive an advance within 30 days of the time an expense is incurred.
2. Employees adequately account for all expenses within 60 after they were paid or incurred.

- A. Expenses of only one employee may be included on a Travel Expense Report.

- B. Travel Expense Reports shall:
 - 1. Be submitted for one (1) major trip or one (1) month of travel
 - 2. Include the following information for each trip:
 - a. Beginning and ending dates for each trip
 - b. Business purpose (character) for the trip
 - c. Name of the establishment
 - d. Amount of the expenditure
 - e. Supporting receipts, which show the name of the establishment, date, and amount.
 - 3. Be signed by the employee and approved by the employee's supervisor.
 - 4. Should be submitted to the Business Office immediately upon return from travel.
 - 5. If monthly expenses total less than ten (10) dollars, a travel Expense Report may include expenses for six (6) months of a fiscal year. In this case, a separate log should be kept showing a listing of each travel occurrence.

- C. Transportation Reimbursement
 - 1. Employees in the service of the College shall use the most economical, standard transportation available and the most direct and usually traveled routes. Expenses added by use of other transportation or routes must be assumed by the employee.
 - 2. Reimbursement for the actual cost of commercial transportation shall be made upon submission of receipts with the travel Expense Report.
 - 3. Airline travel
 - a. Commercial airline travel shall be coach/tourist class, documented by a copy of the ticket. Additional expense for first-class travel will not be reimbursed.
 - b. Round-trip, excursion or other negotiated reduced-rate rail or plan fares shall be obtained if practical.
 - 4. College-owned vehicles should be used for business travel when available and feasible. Mileage payment shall not be claimed if College-owned vehicles are used.

- D. Mileage
 - 1. Mileage commuting between home and the campus shall not be paid.
 - 2. If an employee's travel begins from home rather than from campus, mileage shall be paid for the shorter mileage between residence and travel destination, or the campus and travel destination.

Privately-owned vehicles

1. Mileage claims for use of privately-owned vehicles shall be allowed if a College vehicle was not available or feasible.
2. Reimbursement for a privately owned vehicle shall be thirty-three (33) cents per mile, and payment shall not exceed airline coach fare.

E. Special Transportation

1. For city travel, employees are encouraged to use buses and subways. Taxi fare may be allowed when more economical transportation is not feasible. Receipts are required for amounts over ten (10) dollars.
2. The cost of hiring cars or other special conveyances in lieu of ordinary transportation shall be allowed if written justification from the employee is submitted and approved by the employee's department head or designated representative.
3. Actual parking, bridge and highway toll charges shall be reimbursed, A toll receipt for authorized in-state travel by two (2) axle vehicles shall not be required.
4. Reimbursement shall be made for the reasonable charges for baggage handling, delivery of baggage to or from a common carrier, lodging or storage, and overweight baggage charges, if the charges relate to official College business.
5. Registration fees required for admittance to meetings shall be reimbursed. If a registration fee entitles the registrant for meals, claims for meals shall be reduced accordingly.
6. Telephone costs for official College business shall be reimbursed.
7. Other expenses may be allowed by the Vice President or his designee if they are determined to be necessary expenses of official college business travel.

F. Lodging reimbursement

Actual lodging cost, when deemed to be the most economically feasible, will be reimbursed. A pre-printed lodging receipt is required for documentation.

SUBJECT: Capital Spending Program

At Iowa Wesleyan College the following definition applies to capital spending:

1. An item or group of like items with a useful life of a year or more costing \$1,000 or more. Freight, taxes, and other collateral costs would be included in this amount if included on the invoice for the items or groups of like items. Examples of such items would be personal computers, furniture, electric motors, and compressors, and other large ticket items for which we would like to justifiably spread the cost over several years through depreciation.
2. A maintenance expenditure of \$1,000 or more that extends the useful life of an asset (building or piece of equipment). This would exclude an expenditure of any amount that would only return the asset to its original condition. Examples of things in this category would be large scale sidewalk repair, major auto refurbishment, and major building repair.

Capital items are budgeted at the College level and are not items for cost center budgets, and this needs the approvals of the Senior Vice President before proceeding.

| Account | Name | Description |
|---------|---------------------------|---|
| 6010 | Business Travel | Meals, Hotel, air fare, other business travel expenses |
| 6015 | Non-Travel Meals | Meals consumed locally on College Business |
| 6020 | Conventions | All registrations for conventions |
| 6030 | Professional Development | Seminar, workshop registration costs |
| 6035 | Faculty Development | Expenses relating to faculty development |
| 6056 | Mileage Personnel | Mileage for personal vehicles |
| 6060 | Team Transport | Transporting of teams (including coaches) |
| 6070 | Team Lodging | Housing for teams overnight (including coaches) |
| 6080 | Team Meals | Meals for teams (including coaches) |
| 6085 | Entry Fees/Guarantees | Entry fees for games and guarantees |
| 6110 | Postage/Courier | Postage and courier fees (Fedex, UPS) |
| 6115 | Freight/Hauling | Freight and contract haulers expense |
| 6120 | Telephone | Telephone and other telecommunications |
| 6210 | Outside Printing | Printing materials using outside vendors |
| 6231 | Food Scv-Cater | Food service by Marriott for catered event |
| 6232 | Outside Caterer | Catering expense from outside caterer |
| 6240 | Advertising | Newspaper, television, radio ad costs |
| 6250 | Repairs/Maintenance | Maintenance repairs to buildings, equipment, grounds |
| 6255 | IWC Maintenance Repair | Maintenance labor charged to cost center |
| 6260 | Consultants | Consulting fees for outside consulting and advice |
| 6265 | Game Officials | Officials for calling game events |
| 6270 | Maintenance Agreements | Agreements to maintain buildings, equipment, grounds |
| 6275 | Leases | Long term operating rental and lease agreements |
| 6280 | Rentals | Short term situation rental of equipment |
| 6290 | Contracts/Agreements | Contracts and agreements for goods and services |
| 6295 | Special Projects | Peculiar events/happenings defined by cost center manager |
| 6530 | Dues | Dues to professional & organizational associations |
| 6550 | Professional/Perform Fees | Professional and performance fees (Stipends) |
| 6605 | Health Services | Supplies for Student Health services (Judy Goff) |
| 6610 | Education/Office Supplies | Normal Office & instructional supplies |
| 6611 | Art Supplies | Supplies for Art Classes (Don Jones & Ann Klingensmith) |
| 6615 | Gifts/Courtesies | Gifts to college employees and outsiders |
| 6620 | Housekeeping Supplies | Supplies for housekeeping function |
| 6625 | Safety Costs | Costs of safety services and supplies |
| 6630 | Maintenance Supplies | Supplies for maintenance, non-housekeeping purposes |
| 6635 | Grounds Supply | Supplies for grounds maintenance |
| 6640 | Construction Supplies | Supplies for in-house construction |
| 6645 | Tools/Durables | Tools and other durable supplies |
| 6655 | Student Services Supplies | Student services and supplies for student activities |
| 6660 | Automotive Supplies | Supplies for auto maintenance |
| 6665 | Fuel | Fuel for vehicles: gas and diesel |
| 6670 | Computer Supplies | Supplies for computer usage, consumers only |
| 6675 | Uniforms/Shoes | Uniforms and shoe expense for student programs |
| 6680 | Athletic Supplies | Supplies for athletics other than uniforms and shoes |
| 6685 | Trophies/Awards | Trophies and awards for athletic and other events |
| 7310 | Books, tapes, magazines | Department books, tapes, videos, magazine subscriptions |

