

Iowa Wesleyan University

PURCHASING PROCEDURES

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I. Purpose Statement

To provide guidance for the appropriate procedures and signature authority required for spending and commitment transactions.

II. Applicability and Scope

This policy applies to all IW part-time and full-time employees, including faculty, staff, administrative officers, coaches, etc. Independent contractors and consultants do not have the authority to bind the college unless specifically provided in writing by an authorized delegator. This policy governs all commitments with a third party.

III. Agreements, Contracts, and Budget Monitoring

Contracts between IW and third-parties (external to IW) require the approval of the President or CFO. The college will not recognize contracts signed by unauthorized signers. Employees/students who sign contracts and are not authorized to do so may be subject to sanctions which may include disciplinary action.

All spending is contingent on Purchase Requisition approval, and the authorized signers confirm the requested purchase is within the available balance of the budget. Budget managers are responsible for monitoring their budgets on a regular basis and ensuring that spending remains within budgetary limits.

Spending beyond budget limits, adjustments to budgets, or transfers within budgets must be approved by the President or CFO. Adjustments to the overall budgeted institutional surplus or deficit must be approved by the Board of Trustees.

Authorizations for all new credit card holders require the approval of the CFO.

Faculty and staff hiring authorizations must comply with Human Resource policies, procedures and authorizations.

Exceptions to required approvals:

- No Purchase Requisition required for payments on approved contracts.
- No Purchase Requisition required for utility payments such as electric, water, and gas.
- Budget managers have the authority to spend up to \$1,000 of their budget without prior approval. This does not negate the responsibility for submitting all relevant receipts and documentation for such spending in a timely manner.

IV. Capital Spending

Capital spending generally include the renovation, modification, demolition, improvement or addition to a structure or the construction or significant renovation of personal property; or the acquisition of furniture, vehicles, equipment, or other property exceeding a value of \$5,000. Capital spending does not include routine repair and maintenance.

V. Disposal of Assets

The President or CFO shall approve the sale, disposal, or demolition of land, buildings or equipment. Significant disposal of assets require the approval of the Board of Trustees or the Executive Committee of the Board, typically after review by the Finance Committee of the Board of Trustees.

VI. Accounting calendar – Fiscal Year 2018

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

<u>2017</u>	<u>2018</u>
May 31 – Fiscal 2017 Year End	January 31
June 30	February 28 – 3 rd quarter
July 31	March 31
August 31 – 1 st quarter	April 30
September 30	May 31 – Fiscal 2018 Year End
October 31	
November 30 – 2 nd quarter	
December 31	

Any documentation that relates to a specific month, including credit card receipts, vendor invoices, purchase requisitions, check requests, etc. should be provided to the Business Office by the end of the respective month.

VII. Accounts Payable

Checks are printed weekly on Tuesday. Check requests are due by noon the previous Wednesday. Under our audit policies and best practice, the University does not prepare “out of cycle” manual checks except in rare emergency situations approved by the President or CFO.

VIII. Accountable Plans

An accountable plan is an arrangement whereby employees may be granted an expense allowance or receive reimbursement for certain expenses. The Internal Revenue Service Code states that, in order to qualify as 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. Employee must adequately account for these expenses to the employer within a reasonable time (see below).
3. Employee must return any excess reimbursement or allowance within a reasonable time.

A. Adequate Accounting Defined

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 (receipts) of travel, mileage, and other employee business expense.
2. Employees must 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 must 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 tax return.
 4. Employees must 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.

IX. Levels of Delegation Authority

Authorization Amount	Authorized Signer(s)
>\$200,000	President
\$25,001 to \$200,000	CFO
\$5,001 to \$25,000	Vice President
\$2,001 to \$5,000	Controller (or CFO)
\$1,001 to \$2,000	Department Head
Up to \$1,000	Budget Managers

X. Paperwork required for purchasing:

A Purchase Requisition must be completed for every expenditure, with exceptions listed in Section III above. Please note that for any given expense level in the chart above, all authorized signers from Department Head up to the level of that expense must sign. For example, for a purchase of \$4,000, the Purchase Requisition must be signed by the Department Head and the Controller or CFO. For a purchase of \$28,000, the Purchase Requisition must be signed by the Department Head, Vice President, and CFO. Every Purchase Requisition must also be signed by the individual making the purchase request. It is the responsibility of signers to ensure that budget funds are available and that the appropriate department and account number are charged.

Purchase Requisition Forms can be found on the L drive or on the website under Business Office forms.

1. Date
2. Vendor
3. Cost Center (Department) and Account code (the requestor needs to complete this information)
4. Description of item or items (attach the quote or any additional information)
5. Requestor's signature
6. Approval signature(s) as described in Section IX above
7. Note any special instructions in the comments area, for example:
 - You would like Accounts Payable to place the order (include vendor phone number)
 - A check needs to be sent with the order
 - You wish to use the college credit card to place the order upon approval
 - Payment due date if not the normal 30 days from the date of the invoice

Call x6207 for a Purchase Order Number before placing your order, and make sure the vendor references this number on the invoice. Send your original paperwork to the Business Office (Accounts Payable). For expenditures over \$1000, a Purchase Order will be prepared and, once approved by the CFO, you will receive a copy by email. Only when you have received a copy of the signed Purchase Order may you place your order.

NOTE: Invoices received that do not reference a valid PO# will be returned to the vendor and a copy will be sent to the appropriate department. The Business Office does not pay invoices which it can't verify.

NOTE: Payments to individuals (cooperating teachers, forum speakers, entertainment, prizes, awards, stipends). Please provide the name, address, phone number, and social security number. Payments cannot be issued without this, and the social security number is required for issuance of a Form 1099 at year end.

XI. Use of the MasterCard

1. Call x6207 (Kristi) to reserve the credit card as they are a first come basis.
2. Bring completed paperwork to turn in when picking up the card.
3. Return the credit card as soon as you can with any receipts.
4. Do not keep credit card numbers at your office.

XII. Local Vendors

We don't have open accounts with local vendors – you will need to use the reimbursement process or reserve a credit card with the Business Office. We do have a tax exempt card for Walmart and Staples. The college belongs to a consortium and prices are generally lower. There are only a few employees that have access to ordering: Maribeth Moravec, Amy Mabeus, Mary Notestein, Traci Bender, and myself.

XIII. Agency and Restricted funds expenditures

Paperwork and approvals as usual are required.

XIV. Petty Cash Procedure

Petty cash reimbursements are for amounts up to \$20. Employees should complete an expense report, attach the original receipts, obtain signatures, and bring paperwork to the Business Office.

XV. Travel Expense Reports

Travel expense reports shall:

1. Be submitted for one major trip or one month of travel.
2. Include the following information:
 - a. Start and end dates
 - b. Business purpose of trip
 - c. Dollar amount
 - d. Supporting documentation (receipts)

- e. Complete account for charges
3. Employee signature and approvals as required.
4. Submit to the Business Office immediately upon return from travel.
5. Only one employee per report.

XVI. Travel Reimbursements

A. Transportation:

1. Employees shall use the most economical, standard transportation available and the most direct and usually traveled routes. 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/department chair. Expenses added by use of other unapproved transportation or routes must be assumed by the employee.
2. University Vehicles
 - a. The University maintains a fleet of vehicles for employee use in order to minimize travel expenses. Employees should use University vehicles for transportation whenever possible. Please check with National for vehicle availability when planning your trip. When reserving a vehicle with National, be sure to specify both your departure and return dates and times to allow for precise scheduling.
 - b. University vehicles should be returned to the University parking lot as soon as your trip is completed, and the keys returned to National. Vehicles must be returned with a full tank of gas, all trash removed from the vehicle, and all required National documentation completed. All vehicles are supplied with a University gas credit card. When submitting an expense report for a trip using a University vehicle, therefore, there should be no mileage or fuel reimbursement request.
 - c. Now that we have University vehicles frequently available for your travel needs, the reimbursement for personal mileage has been reduced to \$0.35 per mile. This is below the standard IRS mileage rate, but well above the IRS reimbursement rate of \$0.14 per mile for non-profit entities. When submitting an expense report for personal mileage reimbursement, do not include separate fuel expenses in your reimbursement request, as the mileage rate includes fuel. Make sure to include your starting and ending mileage for accurate mileage calculations.
3. Reimbursement for the actual cost of commercial transportation or personal travel expenses shall be made upon submission of receipts with your travel expense report.
4. Commercial airline travel shall be coach/tourist class, documented by a copy of the ticket. Additional expense for the first-class travel will not be reimbursed.
5. Mileage commuting between home and the campus shall not be paid. If an employee's non-commuting business travel begins from home rather than the campus, mileage shall be paid for

the shorter mileage between residence and travel destination, or the campus and travel destination.

B. Other Travel Reimbursements

1. Actual parking, bridge and highway toll charges will be reimbursed.
2. Actual lodging cost, when deemed to be the most economically feasible, will be reimbursed. Receipts are required as documentation.
3. Reimbursement shall be made for the reasonable charges for baggage handling and overweight baggage charges, if the charges relate to official college business.
4. Registration/entry fees required for admittance to meetings shall be reimbursed.
5. Telephone costs for college business shall be reimbursed.
6. Other expenses may be allowed by the VP or his designee if they are determined to be necessary expenses of official college business travel.
7. The college does not pay for speeding tickets or traffic fines.

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 VP the approval of any request for unusual and/or excessive amounts.

Tax Exemptions: We have Iowa, Illinois and Missouri for you to take when traveling. Request these forms from Accounts Payable.

XVII. Other Reimbursements:

When seeking reimbursement for out of pocket expenses related to performance of your duties, submit receipts with the expense report within the same week of purchase. The same approval process is required. For audit purposes, it is important that University expenses are reported in the period in which they occurred. For this reason, it is not acceptable to accumulate receipts or reimbursement requests to turn in at the end of the fiscal year.

The Expense Report and Department Requisition are available on our website in electronic form. Appropriate signatures still apply. The Business Office is listed under Financial Aid.