

3.10.01 Purchasing and Accounts Payable Policy

A. Policy Statement

1. The Vice President for Finance and Administration shall establish procedures to assure that Department funds are paid out only for lawful purposes and in accordance with appropriate rules and regulations.
2. This policy has an alphabetical grouping of criteria for use by personnel who make decisions pertaining to invoice payments.

B. Policy Rationale

The University seeks to ensure that the policies and procedures related to purchasing and accounts payable are documented, communicated, clearly understood, and consistently applied.

C. Purchasing Criteria – Alphabetical Listing

1. **Agency Funds.** A fiduciary relationship exists between the University and other organizations for which it manages agency funds. The Accounts Payable Department ensures that agency funds are disbursed to suppliers only when the invoice or other request for payment is signed by an authorized agency organization representative. Agency Funds at the University include clubs.
2. **Assigned Compensation.** An independent contractor may assign his rights to compensation for services rendered to the University to a third party, e.g., a charitable organization. To comply with tax law, the University will issue a check to the third party but records the compensation as income to the person rendering the service. The total amount paid to the individual in a calendar year will be reported by the University to the federal government on a Form 1099, if required.
3. **Athletic Department Fund-Raising Expenses.** Expenses related to Athletic Department fund-raising are paid from auxiliary enterprise operating funds. Fund-raising costs include travel expenses and entertainment of donors, volunteer workers, and other supporters of athletic programs.
4. **Auditing Services.** The Vice President for Finance & Administration, in conjunction with the EOU Board of Trustees Finance and Administration Committee, is responsible for contracting for and overseeing any and all audits of the University, as required by law.
5. **Business License Fees.** The Finance & Administration Department is responsible for renewing appropriate fees, as required by the State of Oregon.

6. Cancellation Charges. Costs resulting from state cancellation of an order may be charged against state funds, but are reviewed on a case-by-case basis.

7. Completion Dates, Amendments and Change Orders. Claims for work performed after contract completion date may not be processed until the date has been extended by a change order. An increase in contract amount must be approved by a change order, or have a signed amendment before any additional services take place.

8. Conference and Workshop Expenses: In most cases, selected self-supporting conference and workshop expenses are allowable if their cost is recovered through participant fees. A participant fee may consist of a single basic fee or fees that are separately identified and collected. Examples of applicable conference and workshop expenses include the following:

- a. Housing fees
- b. Meals
- c. Refreshments during breaks
- d. Celebrations
- e. Special trips or tours

f. Participation fees may be waived or reduced in certain instances, when there is documented pre-approval from the Dean and Vice President for Finance & Administration.

9. Contributions. The University has no authority or obligation to make disbursements for voluntary contributions or donations.

10. Credit Cards. Charge slips from VISA, Master Card, American Express and similar credit organizations are acceptable as support for reimbursement claims if they are sufficiently detailed to permit a proper audit of the transaction (e.g., a charge slip is sufficiently detailed to support a claim for reimbursement of lodging expenses if it contains the same detail required by the University travel policy. The information must be entered on the charge slip by the lodging establishment.

11. Data Processing Services and Products. Evaluation: Information technology procurement must be based on obtaining the most appropriate hardware, software, and service taking into consideration purchase price, installation costs, compatibility, and maintenance costs, and using fair and competitive procurement practices. Gifts from vendors and products received for testing or evaluation must not influence purchase decisions. All purchases must be routed through the University Information Technology Department.

12. Discounts. Check each invoice and purchase order for discount terms and take the maximum discount offered.

13. Entertainment and Hosting Expenses. See policy 3.10.10 Hospitality, Entertainment, Meals and Refreshments.

14. Equipment Lease or Rental. University equipment should be rented or leased only in these instances:

- a. It is needed for a short time.
- b. It is highly sophisticated and has low durability or quickly becomes obsolete.
- c. Its value is more than \$5,000, and benefits or fixed-term costs associated with leasing make it more attractive than purchase.
- d. Transportation Equipment. Automobiles, boats, aircraft and other means of conveyance may be rented for use in conjunction with approved travel without a prior formal agreement. See policy 3.10.15 Travel and Transportation Administration and Expenses.
- e. Property Taxes. Taxes on property held under a lease or lease/purchase contracts are paid by the lessor (owner), not the lessee (University).

15. Employee Awards. See University purchasing policies 3.10.05 Employee Recognition Awards and 3.10.10 Hospitality, Entertainment, Meals and Refreshments.

16. Employee Clothing. See University payroll policy 3.80.10 Fringe Benefits for guidelines on purchasing employee clothing.

17. Facilities and Utilities Related Purchases. All facility related goods and services must be vetted through, or approved by, the Department of Facilities prior to purchase. This includes heaters, painting, AC units, custodial supplies, utilities, etc.

18. Federal Gasoline Taxes. Employees are reimbursed for federal gasoline taxes paid when making gasoline purchases in emergency situations.

19. Flower Purchases. Some flower purchases are considered acceptable expenses. Flowers may be purchased for these uses only:

- a. Use in classes such as botany, biology, theatre, etc.
- b. Use in home economic courses

c. Use at commencement and convocation.

d. Review all other charges carefully because they are not normally considered proper expenditures of institutional funds.

20. Foreign Assets Control. Transaction Control Regulations are administered by the U.S. Department of the Treasury, Office of Foreign Assets Control. The regulations prohibit or restrict commercial and financial transactions involving certain foreign countries. These regulations prevent transactions contrary to the interests of the United States. Specific regulations are listed in the U.S. Code of Federal Regulations, Title 31, Part 505. For more detailed information and names of countries currently sanctioned, contact the Office of Foreign Assets Control, U.S. Department of the Treasury, Washington, D.C. 20220 (Ph. 1-800-540-6322).

21. Foreign Currencies. When making disbursements to foreign countries, or calculating foreign reimbursements, use a recognized, accurate online conversion tool to convert a foreign currency total to U.S. dollars. Enter the U.S. dollar amount on the invoice. The University is responsible for ensuring that proper exchange rates are used.

22. Fundraising and Advertising. See University policy 6.25.20 Fundraising and Solicitation.

23. Government Relations. At the discretion of the Vice President for Finance and Administration, the University Advancement Department may incur expenditures associated with governmental relation activities, so long as the activity is in furtherance of the University mission and expenditures are reasonable.

24. Gifts and Prizes. As with all expenditure of University funds, money spent on gifts or prizes must be spent ethically and in accordance with the University policies and procedures. Gifts and prizes may be provided only from non-institutional funding sources (foundation, agency funds, student incidental fees) as part of an official student event or raffle. This does not include gifts and prizes for employees, see policy 3.10.05 Employee Recognition Awards. Certain gifts and prizes must also be treated as taxable income for the recipient and processed accordingly by the University, as outlined below. The Department is responsible for collecting winner information from recipients of gifts or prizes valued at \$25 or more, which can be done by having the recipient complete a W-9 to be submitted with the purchase request. Gift certificates are generally not allowed unless prior approval from Finance & Administration is provided.

25. Gratuities. Tips paid by University employees for services received while on travel assignments are personal expenses and cannot be reimbursed. An exception is made when reimbursement for actual meal expenses is approved prior to travel. In such cases, a gratuity of up to 15% of the meal expense may be reimbursed when supported by a receipt. This prohibition on reimbursing employees applies to all individual gratuities for personal services

where paying the tip is optional and the amount of the tip is within the individual's discretion. For example, tips for services related to the employee's lodging or transportation or for meals covered by per diem basis may not be reimbursed.

26. **Hosting Groups and Guests.** Refreshments, Meals, Transportation, and Hosting Non-Employees: See policy 3.10.10 Hospitality, Entertainment, Meals and Refreshments.

27. **Information Technology Purchases.** All technology related goods and services must be purchased through the IT Department using the ticketing system. Examples of technology related purchases include; computers, tablets, phones, copiers, software licenses, etc.

28. **Itemizing Purchases.** Generally, when an employee purchases materials or supplies and requests reimbursement, all purchases must be documented and records maintained for audit purposes.

29. **Legal Services.** The use of any outside legal services must be pre-approved by the University General Counsel.

30. **Occupational Licenses.** The University Dean or Vice President is responsible for authorizing and approving reimbursement for occupational licenses, including any related guidelines or other criteria the University deems appropriate for business purposes.

31. **Meals Served at Meetings.** See policy 3.10.10 Hospitality, Entertainment, Meals and Refreshments.

32. **Memberships and Dues.** Payment or reimbursement for membership fees or dues for governmental and professional organizations, including any related guidelines or other criteria deemed appropriate by the department head, are allowable.

33. **Mileage.** The mileage rate in negotiated contracts, such as for engineering or architectural services, should agree with the current University approved per diem rate.

34. **Permanent Resident Application.** As part of an employment-based permanent resident application/PERM process, it is allowable to pay for the following expenses:

- a. United States Citizenship and Immigration Service I-140 application fee.
- b. All costs incurred for advertising the position as required by the PERM process.

35. **Personal/Breakroom Items.** Breakroom items and personal items that provide single benefit to a student, faculty, or staff are strictly prohibited. This includes, but is not limited to; Alcoholic beverages, candy, gum, mints, cards (greeting, holiday, birthday, thank you, etc.),

coffee, tea, creamer, sugar, flowers, gift certificates, gift wrap, aspirin, ibuprofen, cold and allergy medication, deodorant, etc.

36. **Prevailing Wage Certificate.** Before payment is made on a contract for a project in which all contracted construction services and related materials exceeds \$50,000 for repair, improvement or construction of a building or other public work, certified payroll records are required in accordance with ORS 279C.800 et seq. The certified payroll records must state the prevailing wage rates for workers in each trade or occupation employed on the project, certify that workers will be paid no less than those rates, and contain additional information regarding the individual workers as required by ORS 279C.800 et seq. Certified payroll records are required for both contractors and subcontractors. Certificates must (i) be signed by the contractor or subcontractor or his legal representative, (ii) be notarized, and (iii) be submitted by the contractor or subcontractor to the public agency by the 5th day of the month following the month during which the work was completed. If the contractor or subcontractor does not submit the certified payroll records each month, the University is required to withhold 25% of any amount earned by these parties until the records have been received. Once the records have been submitted, the withheld pay must be paid within 14 days. Certified payroll records are not required for equipment repairs or for maintenance such as janitorial services and window cleaning.

37. **Progress Payments.** Contractor requests for progress payments and accompanying architect or engineer certificates must be checked for proper signature prior to approval. Wage certifications must also accompany the first such request or any request involving work not previously covered by a wage certification. A complete list of sub-contractors should be provided with the first request of each contract as well.

38. **Property Assessments.** A property assessment is the value placed on property for tax purposes. Treat property assessments like land acquisitions. Taxes on auxiliary enterprise property may be paid from excess XI-F(1) sinking funds or proceeds from XI-F(1) bonds. Taxes on property used for educational and general purposes may be paid from budget monies or XI-G funds allocated for land acquisition. Taxes on property held under a lease or lease/purchase contract are paid by the lessor (owner), not the lessee (institution).

39. **Public Relations and Promotional Events.** University funds may be used for expenditures related to advertising, institutional promotion, and public or community relations to promote the image of the institution. This includes; recruiting students, promoting student services and opportunities offered by the institution, announcing public service and sporting events, encouraging donations to the institution, and activities promoting the institution in general. In order to use University funds, these events and related expenditures must be pre-approved by the Vice President for Finance and Administration and Vice President for University Advancement.

40. Public Utilities Franchise Fee. When business or occupation taxes or license, franchise or operating permit fees imposed on a utility company or city exceed three percent for gas utilities or three-and-a-half percent for electric or steam utilities, the utility company may, via billing, charge the excess percentage on a pro rata basis to customers, including state agencies.

41. Real Estate Acquisitions – Fees. Refer invoices associated with land acquisition (e.g., title insurance and property purchase options) to the Vice President for Finance and Administration.

42. Refreshments Served at Meetings. See policy 3.10.10 Hospitality, Entertainment, Meals and Refreshments.

43. Research Subjects – Payment of. Persons engaged as research subjects are neither employees nor independent contractors, and payments to them should be processed as regular invoices using account code 25140 (Research Subjects). Research subjects are not covered by SAIF. Agreements with research subjects should state clearly that SAIF coverage is not provided and that the subjects are ineligible for Worker's Compensation in the event of injury or illness.

44. Rewards to Students. The University may offer rewards to students for information leading to the arrest and conviction of individuals who tamper with fire equipment, turn in false alarms, destroy or misuse university property, and engage in similar conduct (J. McKeever, Assistant Attorney General, letter to J. Casby, 06/01/87).

45. Safety Devices. When the department head involved considers a safety device a necessity, and the employee may not work without it, the expense may be paid from institutional funds. If the device is not required as a condition of employment, the employee bears its cost. Safety devices and other equipment purchased by the state remain state property whether used by one or several employees.

46. Stipends. A stipend is a subsistence allowance paid to a person engaged in a training or research program. Stipends may be paid in advance or arrears, depending upon terms of the agreement with the granting agency.

47. Student Property Loss. Normally, the University has no responsibility for replacing a student's property that is lost or destroyed through no fault of a University employee.

48. Student Refunds. Refunds of tuition, fees, housing charges, or deposits paid by a student are made to the student only. Such refunds may not be made to a third party even when evidence indicates that the third party may have provided the funds. Exceptions may be granted by the Director of Business Affairs if circumstances warrant special treatment. In the event of the payee's death, the University may make a refund to the closest survivor upon receipt of Form CO-192, Affidavit to Obtain Payment Due Deceased Person.

49. Subscriptions. Payment or reimbursement for subscription fees for services required for governmental and professional organizations, including any related guidelines or other criteria deemed appropriate by the department head, are allowable. For information technology related subscriptions, please see section C.(7) in this policy on Information Technology purchasing.

50. Tax Exempt Status. See University policy on Taxation.

51. Taxes. State of Oregon agencies are exempt from paying federal taxes on purchases of gasoline, oil, etc. If an employee paid for a product and is seeking reimbursement, or if the product was purchased and possession taken in another state, taxes may be paid. The University may be exempt from paying state, city or county taxes in some instances. The University is subject to real and personal property taxes on property owned but not used for institutional purposes, such as miscellaneous rentals. State-owned property which located within an irrigation district is subject to taxation by the district.

52. Telephone Charges – Long Distance – Business. Business-related, long-distance telephone charges may be paid from institution funds.

53. Transportation Charges. Vendor invoices should not include freight charges for purchases made "FOB destination" unless the purchase order, or separate contract, indicates the vendor can add prepaid freight charges. The freight charge should be deducted from the payment if the invoice includes such a charge for which there is no prior agreement to pay.

54. Vehicle Repairs. When a private vendor repairs a state vehicle, the vendor invoice for parts and repair must identify the vehicle. Either the vehicle license number or the Motor Pool's vehicular unit identification number may be used for identification.

55. Visa Petition Fee. The fee for a visa petition to classify a non-immigrant as a temporary worker or trainee is an allowable expenditure. Reimbursement of expenses the alien incurs while procuring a visa through the American Consulate is an allowable expense.

D. Late Check Requests

The University Accounts Payable office strives to provide excellent customer service, while simultaneously adhering to business practices that prove most cost effective for the University. As a cost savings measure, the late check request policy and process is necessary to deter the number and frequency of last-minute and/or online checks. This section sets forth the conditions under which a check request is considered late, as well as the process that is to be followed when requesting payment after the weekly Accounts Payable deadline.

1. Timeline for Payment/Check Requests. The Accounts Payable staff runs checks (this includes Direct Deposit/ACH) each Wednesday. In order to ensure the timeliness and accuracy

of this process, all requests for payment must be received in the Accounts Payable office by 5 p.m. on Mondays. The requests must be accompanied by the appropriate forms and required signatures, or the request will be returned to the initiator. Any payment request, needing processed and paid that week, that arrives after the weekly deadline will need to be accompanied by the Late Check Request Form with all information and signatures included. The payment will be processed as time allows.

2. Late Check Request Fee. When a check request is after the weekly deadline, a \$100 fee will be assessed, as indicated on the Late Check Request Form. The fee will be assessed to the budget of the Dean or Vice President of the requesting department.

3. Special Considerations. Emergency and special situations can be reviewed on a case-by-case basis by the Accounts Payable Supervisor when requested by the initiator. The Accounts Payable Supervisor will review the details of the late check request and make a decision about whether the circumstances were inevitable or unavoidable. If the Accounts Payable Supervisor deems that the late check request was unavoidable, the \$100 late fee will be waived. The payment will be processed as time allows.

4. Types of Payments. The types of payments subject to this policy are as follows: Personal Reimbursements (faculty, staff & students), Vendor Payments, Personal Services Agreement Payments (PSAs), Travel Reimbursements, Travel Advances.

5. Process for Late Check Request. In order to request a late check, a Late Check Request Form must be completed and all necessary signatures obtained. The form can be accessed at http://www.eou.edu/busserv/accounting_services.html. The Late Check Request Form needs to be submitted to Accounts Payable with all necessary payment documentation attached.

Approval History:

1. Originally Fiscal Policy Manual (FPM) 70.4, Internal Management Directive (IMD) 6.008, and EOU Late Check Request policy.
2. In July 2015, the FPM and IMD policies became a University policy under the authority of Section 3(8) of Senate Bill 80 (2015), July 2015.
3. Codification and amendment as University Policy approved by President on 09.12.2018.
 - a. University Council recommended approval on 05.08.2018.
 - b. President's Cabinet recommended approval on 05.15.2018.