

To: Rocky Faculty and Staff
From: Carol Jensen, CFO
Date: 09/11/08
Subject: **Purchasing and Expenditure Procedures**

We in the business office/finance department want to provide the best possible service for you to help you achieve your professional goals.

As we start the new school year, here are a few reminders about some of the procedural requirements that help us help you make the purchases you need. Please keep these procedures in mind.

General requirements for all expenditure requests

* ***All purchases require preapproval.*** Faculty and staff are not authorized to commit the College's resources on their own.

* ***Two signatures are always required.*** One required signature is from the Associate Academic Vice President or a Vice President. The other required signature is from the maker of the expenditure request.

In some cases, a third signature may be required, that of the project supervisor.

* Be sure to verify availability of funds in your **budget** before sending any expenditure request to the Business Office/Finance Department.

* Prepare forms in pen, never pencil. On multiple copy forms, please be sure the last copy is legible.

* Describe your expenditure in enough detail that we can verify your choice of account number.

* A complete 14-character account number for each project to be charged must be present on the expenditure request. This is the sequence for the account number: function, 2 digits; project number, 4 digits; fund unit, 3 digits; G/L object number, 5 digits.

For example: I1-1122-111-59310.

Purchase orders

Be sure to obtain an approved purchase order in advance of ordering goods or services. The College is advising our vendors that we will not pay invoices without an approved purchase order.

If you use initials for a vendor name, please show the full name also, unless the initials are the only name. Please also show the vendor's full address. Unless otherwise indicated, a vendor invoice is paid 30 days after the invoice date.

All purchase orders for ***computers, peripheral equipment, and software*** must also be approved by Dan Wolters, as well as your VP or AAVP.

Purchase orders are also required for ***food or services contracted through Sodexo*** (the food vendor in the Student Center). Rocky receives bills from Sodexo weekly. Purchase orders allow us to match expenses so that we are confident in processing payments to Sodexo. Be sure to include the date of the event on your Sodexo purchase order.

Vendors should be directed to send ***invoices*** directly to the business office, not to other departments.

If you **return an item**, please notify the business office – vendor name, item, cost and purchase order number (if applicable).

Check Requests

- All requests for checks to outside vendors must be detailed on a purchase order with documentation attached that verifies the amount to be paid.
- Requests for checks to faculty or staff for business expenses are made on a properly completed travel advance or expense report.

Deadline: If you need a check, submit the completed purchase orders, and travel advance requests to the Business Office by **noon on Wednesday**. Checks are generally available that Friday after 2:00 pm.

Expense Reports

Expense reports are used to report travel expenses or other usage of personal cash or credit cards, and should be submitted preferably by Monday of the next week, otherwise, within 10 days.

Before incurring expenditures which you expect to have reimbursed through an expense report, get pre-approval from your VP or AAVP. Failure to obtain pre-approval may result in the denial of a reimbursement.

Expense reports must include the following:

- Original receipts attached. The receipt or printout must detail both the items paid for and the cost, and show the vendor's name and address.
- An explanation of the business purpose - who, what, when, where and why.

Improperly completed expense reports may be returned to you, slowing the reimbursement process.

It may take a week to ten days for an expense report to be processed

An expense that is over 60 days old cannot be reimbursed, per IRS rules.

Travel Policy

Please read the travel policy on the Business Office web page, under B in the directory of Rocky.edu. Here are a few points from that document:

- Anyone driving a Rocky-owned vehicle or renting a vehicle for college business must be registered with the Human Resources office. Please bring a copy of your driver's license several days in advance.
- The college reimburses mileage for personal car use at the rate of \$0.40 per mile. Gas purchases are reimbursed only for using college vehicles or rental cars. Please specify what you drove when requesting a reimbursement for gasoline.
- College policy requires taking the extra liability insurance on rental cars, also known as damage waiver.
- If you are planning an out-of-state trip with hotel stay, please let us know a few weeks in advance so we can investigate getting the state sales tax waived.
- If you will be away on college business overnight, a \$39 per diem for meals is available, no receipts required.

- For each authorized trip, you must select one reimbursement method for your meals – either per diem, or submitting detailed receipts.

Payment for Personal Services

Requests for payments to individuals for personal services processed through check requests and purchase orders will most likely require a Form W-9, if the vendor qualifies as an independent contractor. The W-9 form provides the College with social security numbers for federal tax reporting purposes. If you are unsure about the necessity of obtaining a Form W-9, call Vicki Montgomery in the Business Office, Extension 1013.

To determine whether the vendor qualifies as an independent contractor, call Cindy Hessler at Extension 1043. Individuals who don't qualify as an independent contractor may have to be set up as temporary employees.

Requirements for Independent Contractors:

1. An independent contractor must provide, before beginning work on campus, a currently valid independent contractor exemption certificate issued by the State of Montana, **or** a certificate of workers comp insurance on himself.
2. If there is any conceivable risk of injury, the independent contractor must provide a certificate of liability insurance, with RMC named as an additional insured party.

Human Resource Action Requests (HRAR)

Any time College employees are paid for services beyond the scope of their employment agreements, receive nonstandard benefits that have monetary value, or do not qualify as an independent contractor, an HRAR must be filed with Cindy Hessler.

Awards, Prizes and Bonuses

Any form of cash, gift certificate or gift card exceeding \$25 per year is taxable income. Please have a student recipient fill out a W-9 form. Please prepare an HRAR for a faculty or staff member recipient.

Cash Handling Basics (including checks)

- Please direct all donors, and others mailing checks to the college, to send the checks directly to the business office.
- Please bring all cash and checks received to the cashier the same day, or, for evening events, the following morning. Include a list of your cash receipts and what account(s) they should be credited to. Lock up cash or checks between receipt and delivery to the business office. Restrictively endorse all checks with the college endorsement stamp.
- Do not put cash in interoffice mail, or attach a cash or check refund of travel advance to your expense report. If you owe the college on a travel advance, settle up as soon as you return, and attach the business office receipt to your expense report.
- Do not pay expenses out of cash received. We need complete totals for cash receipts and for expenses.
- Only college staff should bring cash receipts to the business office.

Additional Points

* Most business office documents – expense report, travel advance, W-9, etc. are available on the Business Office website, under “B” at rocky.edu. Purchase order forms are available at Central Supply.

* Our capitalization policy is \$1,000. So if you purchase a tangible item for \$1,000 or more that will provide more than one year of service, it is a fixed asset (G/L object 65000), not a supply.

If you are purchasing several pieces of equipment and the items each cost less than \$1,000 but overall the total is over \$1,000, please contact Kathy McKibbin or Carol George in the business office about whether to treat the purchase as equipment or supplies. Each situation needs to be evaluated separately.

* Supply budgets: remember, your supply budget covers postage, copies and supplies acquired from central operations or the bookstore, as well as supplies you intend to purchase.

* With certain pre-arranged exceptions, only the President or Vice Presidents have the authority to sign contracts and obligate the college.

* Field trips are only for students who are registered and are validated for the course.

* Cell phone reimbursements need prior arrangements, and are taxable income.

* Anyone who issues an invoice must send a copy of the invoice to the Business Office, with adequate explanation of what the requested payment is for, and the account number to credit.

Thanks for remembering these procedural requirements. Following this system will greatly reduce administrative delays. If we can help you with questions on these topics, please call Carol George at extension 1017 or Vicki Montgomery in the Business Office at extension 1013.