



Expenditure Policy

Authorization for Purchases

All purchases require preapproval. Any faculty or staff member may initiate the purchase of supplies, equipment or services. In every case, the purchase must be authorized by a Vice President or Provost. Acquisitions initiated by a Vice President, Provost, or the President must be authorized by the President or the Board Chair, respectively.

In general, faculty and staff are not authorized to bind the College by signing contracts. With certain pre-arranged exceptions, only the President, Provost, or Vice Presidents have the authority to sign contracts and obligate the college.

General Requirements for College Expenditures

Two signatures are always required before the request is submitted. One required signature is from a Vice President or Provost. 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.

Purchase orders \$5,000 and above must be approved by the Chief Financial Officer, after receipt in the Business Office/Finance Department.

Your budget must have adequate funds available; verify this before sending any expenditure request to the Business Office/Finance Department.

Details of expenditure request preparation

- Use pen to prepare hand-written forms, never pencil.
- Describe your expenditure in enough detail that we can verify your choice of account number.
- A complete 10-digit account number for each project to be charged must be present on the expenditure request. A list of expense accounts and descriptions can be found on the Business Office webpage. (<http://rocky.edu/faculty-staff/BusinessOffice.php>)
- Our capitalization policy is \$5,000. For example, if you purchase a tangible item for \$5,000 or more that will provide more than one year of service, it is a fixed asset (account number 8220), not a supply. If you are purchasing several pieces of equipment and the items each cost less than \$5,000 but overall the total is over \$5,000, please contact the Controller in the Business Office about whether to treat the purchase as equipment or supplies. Each situation needs to be evaluated separately.

Requirements by Spending Level

These spending levels refer to the total amount on the purchase order, not individual items on a single purchase order.

\$0 - \$2,999.99	A direct purchase using personal funds or College credit card may be made for modestly priced items available either online or from a local source. File an expense report for reimbursement.
\$3,000 - \$9,999.99	Purchase order is required, but no bids are needed.
\$10,000 - \$24,999.99	Obtain three (3) bids before completing a requisition for the selected vendor. Attach the Bid Summary Form listing the vendors and prices to the

- requisition (or send to the Business Office); include reasons for selecting a price other than the lowest (see considerations below).
- \$25,000 and above** Obtain three (3) written bids, and attach them, with a completed Bid Summary Form, to the requisition for the selected vendor; include reasons for selecting a price other than the lowest. Send Bid Summary Form to the Business Office.

Considerations for accepting a bid:

When collecting bids from vendors, it is important to conduct a fair and ethical process.

- All vendors must be provided with the same information and deadlines to avoid any advantages to any vendor.
- No information on the bids submitted (especially price) may be disclosed to the other competing vendors except for the name of the company.
- Vendors should not be coached on the amount to bid.
- A single vendor may not resubmit a bid. A request for resubmitted bids must include all vendors.

A bid other than the lowest of three (3) comparable bids may be accepted in any of these cases:

- The lowest bid was for items or service functionally inferior to the vendor chosen at a higher price. Three bids for equivalent items could not be found.
- An item available locally from an active supporter of the College costs only slightly more than the lowest bid.
- Three bids cannot be found locally, when local acquisition is a significant factor. In this case, list the names of vendors contacted who could not provide the desired goods or services.

If your purchase requiring bids is being entered as a requisition in the CampusVue Finance system, please include the following information for the bid screen: Vendor Name, Bid Send Date, Bid Received Date, Bid Amount, Comments, and Award Reason. Please forward copies of all bids to the Business Office.

Electronic Devices:

- **Hardware Purchases:** All electronic devices (such as, but not limited to, computers, iPads, and external hard drives) are required to be purchased through Academic Computing so that proper security features can be added to the hardware to protect College owned data. Hardware items are not allowed to be turned in on an Expense Report. Cell phones and smart phones are not covered under this policy.
- **Ownership and Funding:** All electronic devices purchased with Rocky Mountain College funds are the property of the College and must be returned to the College when a person is no longer an employee or employed in a position that requires the electronic device. College funding sources include departmental operating and non-operating budgets, gifts and grants, and Academic Computing departmental funds.
 - **Exception:** Hardware that is purchased with Provost dedicated Faculty Development Funds is considered personal property of the faculty member. Likewise, hardware purchased with College funds previously treated as taxable income to the employee is considered personal property of the employee.
- **Data Plans:** The College offers wireless access to most academic areas on campus; therefore data plans associated with the purchase of hardware purchases listed above are not permitted to be paid for using College funds. The employee may submit a request for reimbursement of business related data

charges on an expense report if pre-approved by the Vice President/Provost. Rocky credit cards may not be used for data plans or apps.

- **Software Programs:** Software programs are permitted to be purchased with College funds if there is a bona fide business-related need for the program. All software program purchases are required to be purchased in consultation with the Academic Computing department prior to purchase. Software expenses are not generally allowed to be turned in on an Expense Report. All software contracts must be approved and signed by a Vice President or designee. The College will not be held liable for software program contracts signed by non-authorized employees.
- **Apps for iPads:** Apps for iPads or Android devices are permitted to be purchased with College funds if the app is business related. All app purchases are required by IRS regulations to be documented for business use. Rocky credit cards may not be used for apps or data plans.

Requisitions

Requisitions entered into CampusVue Finance will result in purchase orders after going through the approvals specified in the system. A purchase order is required for all College expenditures (see exceptions below). 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 number on the invoice. If you use initials for a vendor name, please show the full name also, unless the initials are the only name. Please include the vendor's full address, email address, contact name and phone number. Unless otherwise indicated, a vendor invoice is paid 30 days after the invoice date.

- Purchase orders or requisitions are also required for ***food or services contracted through Sodexo*** (the food vendor in the Student Center). Rocky receives bills from Sodexo weekly. Approved purchase orders allow us to match the authorization to the expense and process payments to Sodexo. Be sure to include a brief description and the date of the event on your Sodexo purchase order.
- ***Running purchase order:*** For items purchased from the same vendor throughout the year, a running purchase order may be submitted in place of individual purchase orders each time this type of purchase occurs. Running purchase orders may not exceed the budget dollars available for the specific type of expense. A budget transfer may need to be submitted to move funds before approval.
- ***Computers, peripheral equipment, and software:*** All purchase orders for these items must also be approved by the Director of Academic computing, as well as your VP or Provost.
- ***Items for resale:*** If you are purchasing food or supplies that will then be resold to fans, guests or participants, please use the appropriate resale account number, 7402 for supplies, or 7406 for food.
- ***Deadline:*** If you need a check, submit the completed check request or travel advance request to the Business Office by ***noon on Wednesday***. Checks are generally available that Friday after 2:00 pm.
- ***Vendors*** should be directed to send ***invoices*** directly to the Business Office, not to the other departments.

Exceptions to the Purchase Order Requirement

Check Request (blue half-page form)

Filling out a check request form is the best choice for situations where we will not receive an invoice for the vendor to trigger payment. Examples include subscriptions, memberships, conference registrations, prizes and awards. Attach documentation that verifies the amount to be paid to the check request form.

Payment for services from an individual may be requested on a check request form. Be sure to attach the W-9, a copy of the contract or agreement, and the signed Independent Contractors Agreement. (See *payment for Personal Services below.*)

Travel Advance

Faculty and staff traveling on College business may request a travel advance to receive funds for meals, rental vehicles, and incidental expenses. Hotel and commercial means of travel should be arranged in advance through purchase orders. Money received through a travel advance must be accounted for in an expense report no later than 10 days after return from travel.

If you have a Rocky Mountain College credit card/purchasing card, you may request a small travel advance to cover items that cannot be paid for by credit card while you are traveling. *Please refer to the Travel Policy for additional information regarding travel.*

Expense Reports

Expense reports are used to report travel expenses, use of College credit cards, or other modest usage of personal cash or credit cards, such as supplies purchased locally for an event when the vendor doesn't take purchase orders, or where you will be shopping is unknown in advance.

- Before incurring expenditures which you expect to charge to a College credit card, or to have reimbursed through an expense report, get pre-approval from your VP or Provost.
- Electronic equipment purchases are generally not allowed on an expense report. These should be purchased by submitting a requisition and obtaining the proper approvals.
- Improperly completed expense reports may be returned to you, slowing the reimbursement process.
- Failure to obtain pre-approval may result as treatment of taxable income to the individual, or non-reimbursement.
- Use of personal credit cards is discouraged and should never be used for anything other than small incidental items and travel expenses.
- An expense that is over 60 days old cannot be reimbursed, per IRS rules.
- College-issued credit card expenditures, reported from the PCard on-line reporting system, with proper authorizations (on-line or in writing) and receipts attached are due **in the Business Office the 5th business day** of the following month.
- Original receipts must be attached. The receipt or printout must detail both the items paid for and the cost, and show the vendor's name and address. Meal receipts must be detailed.
- Explain the business purpose - who, what, when, where and why.
- **Deadlines:** Effective in September, 2011, all expense reimbursements paid with personal credit cards or cash will be reimbursed on the 1st work day of the following month if submitted by the 20th of current month. If it is submitted after the 20th it will be reimbursed on the 1st working day of the next following month. (ex: submit to business office 3/26/xx reimburse on 5/first work day/xx). Missing documentation or other problems in processing may delay the reimbursement date, so it is very important that you submit your reports early with complete information and documentation.
- Expense reimbursements are made via direct deposit to the bank account you have chosen for your payroll direct deposits. You will be emailed a remittance advice when the deposit is made to your account. *If you are not signed up for direct deposit, you will receive a check at the beginning of the month.*

Receipts over 60 days will NOT be reimbursed

Payment for Personal Services

Payment for services rendered to the college by an individual, or for prizes or awards should not be made by College personnel directly to the individual, and should not appear on an expense report.

Any payments for personal services (processed through invoices with purchase order numbers or check requests) will require a Form W-9. If the vendor qualifies as an independent contractor, the W-9 provides the College with necessary EIN or social security numbers for federal tax reporting purposes. If you have questions, call Accounts Payable in the Business Office, extension 1013. Payments for services to an independent contractor will also require an Independent Contractor form and Appendix A before beginning work on campus. 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 and either proof of workers compensation or a currently valid Independent Contractor Exemption Certificate.

Employees should never pay for personal services with a credit card, check or cash.

To determine whether the vendor qualifies as an independent contractor, call the Human Resources Director at extension 1043 or Accounts Payable at extension 1013. Individuals who don't qualify as an independent contractor may have to be set up as temporary employees.

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 Human Resources.

Also, use an HRAR for outside service providers who do not qualify as independent contractors and arrange to have the contractor meet with the Human Resources Department. This allows payment to be made through payroll.

Awards, Prizes and Bonuses

Per IRS regulations, any prize, gift or award results in taxable income to the recipient. This relates to all gifts, prizes and awards of cash, gift certificates or gift cards purchased with Rocky Mountain College funds.

To give cash gifts or awards to:

- **Faculty, Staff, or Work Study Students**
Complete an HRAR (Human Resources Action Request Form) available from Human Resources.
- **Non-Work Study Students**
Submit with requisition or check request. Contact the Business Office if there are several or special handling is required.
- **Foreign Students**
Treatment depends on the specific situation. Please call the Business Office (x1063) to find out what is needed.

FAQ's - Prizes & Awards:

Q: Is this policy really necessary?

A: Unfortunately, yes. The rules we've adopted comply with prevailing IRS tax code. They apply universally to all employers – not just Rocky Mountain College, not just colleges and universities.

Q: Can I use donated gift cards to recognize employees or students?

A: Yes! Only gift cards/certificates purchased with College funds are taxable to the recipient. "Purchased with College funds" means purchases processed through Accounts Payable, purchases via Rocky Mountain College MasterCard, purchases reimbursed to a faculty or staff member, and purchases paid by petty cash. If a vendor gives you a gift card free of charge, you may award it to an employee without worrying about taxation.

Q: What if I purchase gift cards personally?

A: Gift cards you purchase using personal funds are not taxable to the recipient because you are not the employer. However, you may not request reimbursement for the purchase. If Rocky Mountain College reimburses you, the College has then purchased the gift cards and they become taxable income to the employee recipients.

Q: Does this policy apply to non-employees?

A: Prizes are always taxable, regardless of amount and regardless of whether the recipient is an employee. Prizes with an accumulated value in excess of \$600 in a given year, will be reported to the IRS at year-end via Form 1099-MISC.

Q: Can I give nontaxable gifts or prizes?

A: Under IRC Section 132(e), an employer may give tangible personal property gifts of nominal value on a tax free basis. The College has established its nominal value to be \$75 or less. Gifts exceeding \$75 require authorization by a VP or Provost. The total value of any tangible personal property gift in excess of \$75 may be taxable income to the recipient. Some examples of nontaxable gifts or prizes would be t-shirts, books, trophies, etc.

What if I have further questions?

Please refer to the Hospitality Policy on Rocky Mountain College's Policies and Procedures web page (<http://www.rocky.edu/faculty-staff/PoliciesProcedures.php>) for more information. If this does not answer your question, please contact the Business Office.

Where Can I Find . . . ?

On the Business Office web page: <http://www.rocky.edu/faculty-staff/BusinessOffice.php>

- Forms for downloading (expense report, travel advance, requisition forms, W-9, etc.)
- Policies and Procedures - such as travel, purchasing, raffle, independent contractor, handling of cash receipts, and RMC credit card use.
- CampusVue Finance account lists showing the new account numbers to use.

In the Business Office: Blue check request forms