

# **PURCHASING POLICY & PROCEDURES**

Azusa Pacific University

Business Office

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## **POLICIES**

### **1. Introduction**

This document outlines policies and procedures for employees who are involved in the purchasing process. It is intended to cover most situations and to set expectations for reasonable discretion in keeping with the tenor of the policies in cases where the policy is silent. Budget managers and requestors in departments play a significant role in the purchasing and payment processes. Since requestors' names and contact information appear on Purchase Orders, they typically are the first points of contact between Azusa Pacific University and the vendors. Requestors may be responsible for the completion and tracking of Purchase Requisitions along with receiving the products and services and ensuring they meet expected quality standards. The University relies on the collaboration between the Department Requestor and the Business Office to ensure proper payments are made to vendors in a timely manner once products or services have been received or completed.

This policy is designed so that goods and services acquired by the University are in compliance with Internal Revenue regulations, federal cost regulations under Office of Management and Budget (OMB) Circular A-21, and donor/sponsor guidelines. Purchasing activities also include obligations for ethical behavior as well as proper transaction documentation and accounting.

The University continues to improve the quality and efficiency of the purchasing process in support of its overall mission and goals. Any questions or concerns that may arise regarding these policies and procedures are welcome.

### **2. University Policy Statement on Procurement of Goods & Services**

The University supports an environment in which procurement of needed quality goods and services may be carried out in a timely and cost effective manner, while operating at the highest standards of ethical conduct, in order to achieve the academic, research, and service objectives of the University.

The University delegates significant procurement authority to designated budget managers and staff for the acquisition of goods and services from external sources on the University's behalf. These stewards of the University's funds must base such purchases on sound business practices, best value, accountability, and compliance with University, donor, sponsor, and regulatory requirements. Further, the University expects individuals making purchases to follow the principles referenced in this policy and exercise stewardship of University resources as both good business practices and Christian principles and ethical principles.

All University personnel involved in the purchasing process must comply with the highest degree of ethical standards, including principles regarding potential conflicts-of-interest. No employee authorized to conduct purchasing activities shall engage in or permit any illegal or unethical purchasing practice. Engaging in or permitting unethical or illegal practice constitutes

grounds for disciplinary action that may include termination of employment and/or criminal prosecution.

### 3. Ethics

The University, as a Christian institution, is committed to maintaining high standards for performance based on fair, ethical, and professional business practices. This policy describes the conduct and ethics required of all University employees who participate in the purchasing process. It is important also to review the University's Conflict of Interest Policy for guidance.

The University also requires ethical conduct from those who do business with the University. Vendors and Contractors will be required to acknowledge the University's Purchasing Policies. All prospective vendors are asked to comply with the University's standards in terms of incentives, gifts, or services to individual personnel.

- 1) **Conflict of Interest** – No employee of the University shall make, participate in, or attempt to influence any decision if the employee knows or has reason to know that he/she (or a family member) has a financial interest in the outcome of that decision. See Policy on Conflict of Interests for full policy.
- 2) **Personal Purchases** – Employees shall not use company credit, funds, or resources to make purchases of goods or services for themselves or for non-University activities.
- 3) **Gratuities** – Employees shall refrain from accepting gifts, entertainment, favors or services from present or potential suppliers to the University that might have substantial or improper influence, or appear to influence, purchasing decisions. Employees should notify their supervisors when these types of gratuities are offered and can accept them with their supervisor's approval.

Employees may accept items of minimal value, not to exceed \$50 in value per transaction and \$100 in value per year as a matter of courtesy, but may not solicit them. Repeated acceptance of items of minimal value may still represent attempts to influence the employee's decision, and may therefore constitute a conflict of interest and violation of this policy.

- 4) **Samples or Test Products** - Samples or test products shall not become the property of the employee and may not be sold for profit by the employee.

### 4. Who Should Read This Policy

All personnel of the University, who are involved in the process of purchasing products or services with university funds, should read this policy and comply with its provisions.

## 5. Roles and Responsibilities

As previously mentioned, the University delegates significant procurement authority for the acquisition of goods and services from external sources on the University's behalf. Employees involved in the purchasing process take full responsibility for understanding the University's policies and procedures regarding purchasing and vendor relations. In order to establish proper internal controls, segregation of duties and responsibilities in the purchasing process is created. Below are the different roles and responsibilities involved in the purchasing process.

- 1) **Department Requestor** - can be anyone in the University that is requesting goods or services. This person may request goods or services through the eProcurement system or outside the system.

- I. Responsibilities include

- Review and follow this Policy and Procedures
- Determine products or services needed
- Research vendors
- Select vendors
- Research and solicit prices
- Submit an electronic Requisition through the University's purchasing system (eProcurement) or communicate needs to authorized requestor.
- Track and retain purchasing documents
- Ensure the proper receipt of goods or services ordered
- Review and approve the terms of any proposed contract and ensure that the contract entered into is properly administered.
- Verify that the good or services received comply with specifications in the purchase agreement.

**Note:** Goods or Services procured outside of eProcurement requires authority and applicable approvals prior to submitting for payment.

- 2) **Department Approver** – anyone in the department that is assigned authority to approve purchase requisitions. Typically this is the Budget Manager for each department.

- I. Responsibilities include

- Review and follow this Policy and Procedures
- Validate the legitimate business purpose of the transaction
- Determine if department cost center has available funds
- Approve purchase request(s)
- Ensure that compliancy to the University's Purchasing Policy is met for each requisition
- Negotiate and resolve conflicts with vendors as needed
- Monitor and reconcile purchase transactions using the financial system and available financial statements and reports

### 3) Business Operations (Business Office)

#### I. Responsibilities include

- Review and follow this Policy and Procedures
- Provide PeopleSoft eProcurement support and assistance
- Print and distributes Purchase Orders
- Manage university contracts submitted to Business Office to assure that:
  - a legal review of the contract (or the terms of the contract has occurred),
  - the contract has been executed by an appropriate APU employee
  - all University requirements have been met; and
  - any other university department which may have an interest in any of the commitments under the contract (e.g., Risk Management, Facilities Management, IMT, University Services, etc.) is notified or consulted in advance, as appropriate.
- Coordinate with departments and legal to draft or review contract language that will protect the interests of the department and the university.
- Manage the escalation of issues that require input from the Office of General Counsel or Business Office to resolve.
- Review contracts for compliance with the University's legal and policy requirements.
- Retain purchasing documents for audits

### 4) Accounts Payable

#### I. Responsibilities include

- Review and follow this Policy and Procedures
- Review invoices
- Issue proper and timely payments to vendors in accordance to contractual guidelines
- Review proper sales tax applications to ordered goods and services

### 5) Office of the General Counsel

#### I. Responsibilities include

- Review and follow this Policy and Procedures
- Reviews contracts for compliance with policy, laws, and procedures
- Reviews contracts sent in for review under the Legal Review of Contracts Policy, and any other contracts sent to it for review

## 6. Unauthorized Purchases

Unauthorized purchases are those that do not adhere to this purchasing policy. For example:

- 1) The individual has not been granted the authority to make a purchase using the specified funds.
- 2) The individual has not been granted the authority to make a purchase of a particular product or service.
- 3) The product or service is considered an unallowable item according to the specified source of the funds (ie – grant agreements, donors, sponsors).
- 4) There are insufficient funds to cover the expenditure
- 5) The proper purchasing procedures have not been followed

## 7. University Purchase Contract Defined

A university purchase contract defines the business arrangements and legal obligations between the University and the selected supplier of goods or services. When purchasing goods or services from a supplier, it is essential the University to obtain protections in the contract with the supplier from the material risks that are associated with the purchase of the goods or services from that supplier, regardless of the purchase method utilized.

A “University purchase contract” does not include agreements between different departments within the University. It also does not include agreements made purely between private parties where the University has no obligations.

When creating a purchase contract, the focus is generally on:

- 1) Ensuring that the contract reflects all of the material agreed upon business terms, including pricing and payment terms, a detailed description of the goods to be purchased and/or services to be rendered, the time period for delivery and payment
- 2) Obtaining the appropriate commitments, representations and warranties from the supplier
- 3) Obtaining the appropriate indemnifications and insurance from the supplier when warranted
- 4) Eliminating any inappropriate limitations on the supplier’s liability to the university
- 5) Protecting confidential information
- 6) Obtaining ownership of or the appropriate right to use intellectual property (when applicable)
- 7) Specifying how disputes or claims arising out of the services or products purchased, including infringement claims should be resolved
- 8) Requiring compliance with applicable laws and University policies
- 9) The responsibility for applicable taxes
- 10) The term of the contract and how it is to renew, if at all.

## 8. Types of Purchase Contracts

A purchase contract may take the following forms:

**Purchase Order (PO)** is one of the simplest forms of a contract at the University. A PO is an order issued by the University to a supplier that includes commercial information and the terms and conditions that govern the purchase. PO's are generated in the PeopleSoft Purchasing System and include the appropriate university standard terms and conditions governing the purchase.

A PO does not require a physical signature; rather, it requires the approval of pre-configured designated individuals in the PeopleSoft Purchasing System based on the identity of the purchaser/department, the source of funding and the transaction size. The electronic approvals are captured within the system for the purchase in lieu of signature.

Vendors are to adhere to the University purchasing terms and conditions expressed on the back of each PO. The University has recently updated the legal language of the terms and conditions, to address and clarify issues concerning delivery, payments, taxes, and breach of contract among others. It is the responsibility of the Business Operations department to ensure that new, existing, and potential vendors are made aware of these guidelines prior to the completion of a purchase.

**A Master Service Agreement (MSA)** is a contract between the University and a supplier that specifies many of the material legal and business terms of the University's purchases of goods or services with that supplier. The MSA is designed to be used repeatedly by the university to procure goods or services from that supplier over a period of time using the same agreed to terms. Typically, an MSA does not include negotiated pricing.

In most cases, the department will need to negotiate some pricing or other specific business terms of the specific good or service that will be purchased (for example, quantity or timing of delivery), but will not need to negotiate the legal or business terms already agreed to in the MSA. Use of an MSA to purchase a good or service generally requires the university to enter into an additional contract document with the supplier to document the specific business terms of the purchase that have not been agreed to in the MSA, which will take the form of a Purchase Order. It is essential to ensure that there is no conflict of terms and conditions between the PO and the underlying MSA, and to ensure that the MSA complies with the material legal and business terms required by the University.

**Preferred Supplier Agreements.** A PSA is a contract between the University and a supplier that specifies all of the material legal and business terms of the university's purchases of goods or services with that supplier, and can be used by the university to make repeated purchases of goods or services from that supplier over time. Unlike an MSA where some terms need to be negotiated with each purchase, with a PSA, all business and legal terms (including pricing) have been negotiated, and no further negotiation is required to make a purchase (subject to the procurement limitations of the University Procurement Policy). Nevertheless, a PO or invoice must always be used to document all purchases under a PSA.

**Required Supplier Agreements.** A RSA is a contract between the University and a supplier that specifies all of the material legal and business terms of the University's purchases of goods or services with that supplier, and can be used by the University to make repeated purchases of goods or services from that supplier over time.

**A statement of work (SOW)** is a document that details the work activities, deliverables, timelines and other requirements of a supplier in performing specified work. Detailed requirements and pricing are also usually included in the statement of work. In most cases, a



statement of work must be combined with a services agreement to comprise a contract, since statements of work generally do not contain all of the terms and conditions of the purchase. (i.e. Software Licenses).

**A software (computer program) license** is a contract with a software supplier/licensor governing the use of supplier/licensor's software. A license is required to use most software owned by others. A typical software license grants the user/licensee permission to use one or more copies of the software (which may be provided by the software supplier/licensor, for example, through DVDs, downloads through the internet or subscription services) in ways where such use would otherwise constitute infringement of the software supplier's/licensor's rights under law. Software licenses are either in written form or in a form that can be accepted by an authorized representative of the University. Purchase of software licenses requires the review and approval of the Chief Information Officer and, typically, the Office of the General Counsel, before a contract can be executed or accepted/purchased over the internet.

## 9. When is a Contract Required

The University requires a contract in cases where the University may be exposed to material financial or legal risks from the purchase of goods or services. As a result, in most cases, a contract is required whenever the University is purchasing a service from a supplier. As well, in many instances, a supplier will also require a contract to be executed before it will provide goods or services to the University. In general, the purchase of sales or goods on behalf of the University requires a contract or purchase order under these principles unless the office making the purchase is advised otherwise by the Office of General Counsel or the Chief Financial Officer.

There is no minimum financial threshold required for a contract. Purchases for small dollar amounts or at no cost to the University may present legal or financial risks to the university that are many times greater than large dollar purchases. In addition, contracts are required regardless of the payment method including, but not limited to Wells Fargo Credit Card and Expense Reimbursements.

Common situations where a contract is required:

- 1) Services that involve the performance of labor by individuals while physically present on the University's premises
- 2) The purchase of services where deliverables (such as software or a report or a website) are created and needed
- 3) The purchase of professional services (legal, financial, architectural, etc.), including temporary employment (non APU) and consulting services
- 4) Agreements for Leased space or facilities
- 5) Space rentals for off-campus events including expos, exhibitions, etc.
- 6) Catering services
- 7) Software licenses and software maintenance agreements
- 8) Equipment leases
- 9) Purchases or acquisition of real property

## 10. Contract Review

In general, all contracts that legally bind the University must be reviewed by the General Counsel and Business Office prior to execution by the authorized representative of the University.

Per University Policy Number PO2005004, the following types of contracts must be reviewed by the Office of the General Counsel before they are executed:

- 1) Contracts obligating the University to expend funds, release claims or assume obligations in excess of \$25,000.
- 2) Contracts which require the University to provide insurance or indemnify a third party.
- 3) Contracts relating to the University's intellectual property.
- 4) Contracts with parties outside the United States.
- 5) Contracts which provide for liens or other encumbrances against the University's property.
- 6) Contracts for employment
- 7) Contracts with exclusivity provisions
- 8) Contracts that do not have a set expiration date, that are of unlimited duration, or that automatically renew
- 9) Contracts that require the university to release personally identifiable information of any of its constituents (e.g., students, employees, donors, customers, etc.)
- 10) Changes to standard or template university contracts initially approved by the Office of General Counsel, such as clinical affiliation agreements, Master Service Agreements, Preferred Supplier Agreements, Required Supplier Agreements, and Purchase Orders
- 11) Any other contracts sent to it for review

Per University Policy Number P02006007, the following types of contracts must be reviewed by the Business Office before they are executed.

- 1) Contracts obligating the University to expend funds over a period exceeding the current budget year, i.e., multi-year contracts
- 2) Contracts which contain financing arrangements, including all leases or deferred sale agreements
- 3) Contracts related to the hiring of temporary personnel and/or consulting contracts, including those with current University employees
- 4) Contracts with parties outside the United States and/or contracts requiring payment in other than United States funds
- 5) Contracts which provide for liens or other encumbrances against the University's property
- 6) Contracts requiring the automatic debiting or other electronic access to University accounts, or
- 7) Contracts obligating the University to financial reporting obligations.

For additional information regarding these policies, and the latest version, please visit the Office of General Counsel website: <http://www.apu.edu/generalcounsel/policies/>

## 11. Signature Authority for Contracts

The authority to sign contracts is governed by the University's policy number PO2005002.

Individuals may not sign contracts on behalf of the University unless they have the authority to do so in accordance with this policy. For the purposes of this document, signatures include both physical signatures in ink and electronic signatures commonly identified as "click-through" agreements that acknowledge the acceptance of, or agreement to terms and conditions.

In accordance with this policy all contracts may be executed by any of the following persons:

- 1) The President, Provost, Vice Provosts, or any Vice President;
- 2) A budget manager authorized in writing by the President, Provost, Vice Provosts or any Vice President, provided that a copy of such written authorization is maintained in the Legal Department;
- 3) As authorized by duly adopted resolution of the Board of Trustees, or to the extent permitted by the Bylaws, the Executive Committee of the Board of Trustees.
- 4) As to agreements for student placement in clinical, practicum, or internships and for which no money exchanges hands, any person authorized in writing by the Provost or Vice Provosts, provided that a copy of such written authorization is maintained in the Legal Department;

All delegations of authority to execute contracts shall include, at a minimum: the date of the delegation, the date the delegation expires, the name and title of the delegate, the specific category of contracts the delegate is authorized to sign, and the signature of the person authorizing the delegation. No delegation shall be effective for longer than one year after its effective date. Any delegation may be renewed annually in writing in accordance with this paragraph.

None of the above signers or budget managers shall sign a contract for an amount that exceeds his or her budget authority. Contracts must be reviewed by the Legal Department and/or the Business Office prior to execution where required by Policy. In other words, proper delegation of authority to review contracts under APU's Contract Signing – Authorized Signatures Policy (PO2205002) is not a substitute for legal review of contracts. An employee with delegation to sign a contract may do so only after the contract has been reviewed and approved by the Office of General Counsel and, where necessary, the Business Office (see Financial Review of Contracts Policy, PO2006007).

In accordance with the Policy on Financial Review of Contracts, an individual who signs a contract not in compliance with this policy could be personally liable for the obligations stated in the contract.

For additional information regarding this policy, and the latest version, please visit the Office of General Counsel website: <http://www.apu.edu/generalcounsel/policies/>

## 12. Competitive Bids

To practice objectivity and fair vendor competition in order to achieve the best value for a product or service, competitive bids shall be conducted whenever practicable. Competitive bids must be conducted whenever the arrangement between the vendor and the University will constitute an exclusive relationship or Preferred Supplier Agreement. The procurement process involves researching and negotiating with vendors to acquire the products at the best competitive pricing, while considering quality, delivery and service. The University requires competitive bidding and documentation for a new type of service or product that has not been used in the past in which the purchase order amount exceeds \$25,000. Existing or renewal services may not require competitive bids.

When evaluating quotes, consideration may be given but not necessarily limited to, the following: price, bidder's previous record of performance and service, quality and conformance to specifications, delivery schedule, life expectancy, warranty, and disposal value.

Prior to requesting competitive bids, the requestor should check with the Business Office to determine if the requested product or service is available from an existing supplier. Whenever possible, the request for quotation should be submitted in writing to potential suppliers to avoid any miscommunication or misinterpretation of expectations and/or specific requirements. Supplier responses must also be submitted in writing with quoted prices, terms and conditions clearly documented in the response. All formal quotations should detail the requirements both parties, the University and the supplier, have agreed upon.

For individuals interested in soliciting quotations directly from external suppliers, we offer the following guidelines when soliciting quotations from potential bidders:

- 1) Each potential bidder must receive the same information and business requirements. Be as specific as possible with requirements. Include manufacturer name and part number if available, a complete description of desired product(s) and/or services, the delivery location and required-by date.
- 2) Provide a copy of the University's Purchasing Terms & Conditions if requested by a potential bidder.
- 3) Obtain at least two (2), preferably three (3) quotations from competent sources of supply.
- 4) Provide a contact name, phone number and e-mail address for suppliers that may have questions regarding the request or requirements.
- 5) Clearly define bid submission instructions and submittal day and time.

## 13. Procurement Card

The University offers a Procurement Card (Wells Fargo Credit Card) to qualified employees to assist in making business-related, non-personal transactions.

Issuance of a Procurement Card is based on business need. Procurement Card holders must use the credit card responsibly and in a manner consistent with the University's mission, ethical practices, policies, applicable laws and regulations. All Procurement Card holders and approvers agree to abide by the University Cardholder User Agreement.

[[http://www.apu.edu/live\\_data/files/184/wells\\_fargo\\_cardholder\\_user\\_agreement.pdf](http://www.apu.edu/live_data/files/184/wells_fargo_cardholder_user_agreement.pdf)]

### **Who is Eligible for a Procurement Card?**

- 1) Faculty and staff who conduct frequent business travel or business travel of an extended duration.
- 2) Faculty and staff engaged in business hosting, recruitment and development activities.
- 3) Faculty and staff who frequently need to buy small dollar, supply-type items that are not available from the University's preferred vendors or internal service provider, and when there is no other appropriate purchasing method available.

### **Protecting your Procurement Card**

Each individual cardholder is responsible for the procurement card issued in their name and must take all necessary actions to ensure the card is maintained in a safe manner that follows all procurement card guidelines. Access to the procurement card should be carefully controlled and all charges on the procurement card should be reconciled promptly to ensure all charges are legitimate. Any questionable activity, or lost or theft of the procurement card, must be reported to the Procurement Card Administrator immediately.

### **Application policy**

Any full time University employee may request a procurement card if approved by a department head, project director, or other administrative official who has signature authority.

### **Personal use policy**

This card is for business purposes only and may NOT be used for personal transactions. Should a cardholder make an accidental personal purchase on their card, they should immediately notify the Procurement Card Administrator.

### **Allowable Purchases**

The procurement card may be used for purchase of goods or business services up to the maximum single transaction and monthly credit limit on the individual card. Some examples of allowable purchases include travel expenses, office supplies, research supplies, printing, duplicating, repairs, conference registration fees, and computer supplies.

## **14. Employee Reimbursement**

The University reimburses employees for necessary and reasonable expenses they incur in the conduct of University business. Purchases made for personal use will NOT be reimbursed.

University employees incur various types of expenses as they perform tasks and duties that support the operations of the institution and further its missions. This policy is to ensure that

employees who incur valid out-of-pocket business expenses are reimbursed in a fair and timely manner.

Reimbursement of business expenses may be requested through Accounts Payable by submitting a fully completed, adequately documented, and appropriately approved Expense Reimbursement Form. A link to this form is provided below.

[[http://www.apu.edu/live\\_data/files/184/expense\\_reimbursement\\_2014.xls](http://www.apu.edu/live_data/files/184/expense_reimbursement_2014.xls)]

Reimbursements are currently issued through the payroll system. The reimbursement payment is noted on a separate line on the employee's earning statement.

## 15. Check Advances

An advance is money issued in the name of an individual and in the form of a University check. To reduce the level of risk pertaining to employees carrying cash issued by the University, cash advances will no longer be issued.

### Reconciling the Advance

The employee must provide the University with detailed expense records substantiating the amount used of the advance. Dates, places, amounts, original itemized receipts, names of persons accompanying the employee, and business purpose must be documented. Proper signature approval is required. This documentation plus all unspent or unsubstantiated advances must be returned to Accounts Payable within 30 business days after completion of the trip or business event.

### Advances to Non-employees & Students

Advances of University funds will not be made to persons who are not currently employed with the University. An employee may choose to sign for an advance on behalf of a student or non-employee; however, the employee in so doing is fully responsible for the full amount of the advance and subject to the substantiation and collection procedures. In addition, advances cannot be used to pay for any services performed by individuals whether they are University employees or not. Payments to individuals must follow the standard University procedures.

## 16. Retention of Documents

Departments and schools must maintain copies of all documentation related to purchases, including original contracts, in accordance with the University Record Retention and Destruction Policy PO2009019.

The purposes of this policy are for the University to enhance compliance with the Sarbanes-Oxley Act and to promote the proper treatment of the University's records.

The University is committed to record management in accordance with applicable laws and regulations as well as established best practices, reasonable business judgment and common sense. Management of university records therefore must:

- 1) Comply with federal and state laws and regulations;
- 2) Ensure privacy and security;
- 3) Exhibit good stewardship of allotted space by
  - Optimizing the use of both electronic and physical space, and
  - Ensuring that redundant, outdated and useless records are destroyed; and
  - Preserve the University's history.

All units of the University are responsible for designating an administrative manager or designee responsible for the unit's compliance with the University's record retention policy. Each unit's administrative manager or designee must:

- 1) Implement the unit's record management practices;
- 2) Ensure management practices that are consistent with the University's record retention policy;
- 3) Educate staff within the administrative unit in understanding sound record management practices;
- 4) Ensure that access to confidential files is restricted to approved personnel; and
- 5) Destroy inactive records having no archival value upon passage of the applicable retention period.

For additional information regarding this policy, please visit the Office of General Counsel website: <http://www.apu.edu/generalcounsel/policies/>

## **PROCEDURES**

### **A. General Purchasing**

Identifying and Documenting Business Need, Allowableness, and Estimated Cost for Purchase

- 1) **Identify and Document the Business Need**

Documentation of the business need for a purchase is an important part of the purchasing transaction record and must be attached to the Purchase Requisition for significant purchases. In addition to supporting effective financial management, this documentation is required during bidding and when requesting quotes.
- 2) **Confirm that the Purchase is Allowable**

The purchase of goods and services for the University may be constrained by University policies or Federal, state, or local regulations. The Requestor must determine whether any of these constraints apply before moving forward with a purchase.

  - I. **Restricted Goods & Services**

The purchase of some goods and services are restricted by University policy and/or Federal, state, or local regulations.
  - II. **Sponsored Awards**

If the cost of a good or service is to be charged to a sponsored award, the Requestor must confirm that the purchase will comply with the terms of the award.
  - III. **Restricted Gift Funds**

If the cost of a good or service is to be charged to a restricted gift fund, the Requestor must confirm that the purchase will comply with the terms of the fund's indenture.

3) **Estimate the Purchase Cost**

The Requestor must research the cost of the good or service. The Business Operations department can assist in cost research as needed.

## B. Creating a Purchase Requisition

Purchase Requisitions are used for requesting purchases of materials, parts, supplies, equipment or other services. It is also used to request the establishment of a Blanket Order to handle the repetitive purchase of products or services.

Purchase Requisitions are submitted electronically via the PeopleSoft eProcurement system, whereby the system assigns a unique Purchase Requisition number automatically.

1) **Gather the Necessary Information**

The Requestor must provide the following information for the purchase requisition:

- I. Quantity and description, or detailed specifications, for the item or service to be purchased
- II. Name and address of the suggested vendor
- III. Appropriate chartfield/cost center to which the purchase will be charged

**Note:** If a new vendor is being used, the Requestor must fill in all information in the suggested vendor screen. The Requestor must obtain a W-9 form from the vendor and submit to the Business Operations department.

2) **Complete the Purchase Requisition**

The Requestor should follow the eProcurement instructions and complete the necessary data entry by filling in all required fields.

3) **Review the Requisition**

The Requestor should review the purchase requisition for accuracy and completeness. In particular, the Requestor should confirm that the cost center chartfield entries are correct.

4) **Submit the Requisition for Approval**

eProcurement includes an automated workflow approval process. Once the Requestor submits the requisition in the system, it will be routed to the appropriate Approver(s).

Once the departmental Approver(s) approve the requisition online and any additional approvals are completed, the purchase order is created.

5) **Submit the Supporting Documentation**

If the Business Operations department requests supporting documentation for a purchase requisition, the Requestor must gather and submit documentation to the Business Operations department. In general, the supporting documents may include any contracts and signed professional services agreements.

## C. Creating a Purchase Order



A Purchase Order is used to contract with vendors for materials, supplies, equipment and services. In addition to being a contract document, it serves as a means of forwarding accounting and expense charging information and file records.

The Business Operations department is responsible for producing purchase orders for approved purchase requisitions and placing the order for goods or services with the supplier. Preparers are responsible for reviewing each purchase requisition and ensuring that it is correct.

1) **Create a Purchase Order**

For eProcurement Requisitions, the Business Operations department will issue the Purchase Order upon completion of the approved purchase requisition.

2) **Review the Purchase Order**

When Purchasing Services converts the purchase requisition to a purchase order, the original is sent to the vendor. As soon as the department receives the purchase order copy, the Requestor should review it carefully and notify the Business Operations department promptly if there are any errors.

3) **Changes to Purchase Orders**

If a purchase order needs to be changed to correct an error or add additional items, the Requestor should contact the Business Operations department via email and notify the Approver. The Requestor should not contact the vendor. Changes should only be made by the Business Operations department to prevent problems with the order or payment processing.

**Note:** The name on the PO cannot be changed; only the Item, Quantity and Costs can be changed.

4) **Cancel an Open Purchase Order**

When requesting to cancel a purchase order, the Requestor must email Purchasing and identify the purchase order number. The Business Operations department will process the request within three business days as long as there are no invoices in process against vendor.

**Note:** It is the Requestor's responsibility to notify the vendor of a cancellation and return any merchandise received.

## D. Verifying Receipt of Goods or Services

An authorized invoice Approver must confirm that the purchase has been successfully completed by verifying that the purchased goods or services have been received.

1) **Verify the Quality and Quantity of Goods and Services**

When goods and services are received, the department Budget Manager or his/her designee must confirm that the goods or services delivered meet the order specifications. In particular, he/she must confirm that the quantity is correct and the quality is acceptable. If the quantity or quality is incorrect, the department Budget Manager or his/her designee should contact the supplier directly to resolve the issue. The department Budget Manager or

his/her designee should contact the Business Operations department immediately if a satisfactory resolution with the vendor cannot be reached.

### 2) **Monitor Partial Shipments**

For partial shipments, the department Budget Manager or his/her designee should refer to information provided on the packing slip indicating when the remaining items or services will be delivered. The department Business Manager or his/her designee must monitor future deliveries to make sure all items or services are received.

### 3) **Provide Receipt Acknowledgement**

For purchase orders where invoice review is required before payment is issued, the invoice Approver must provide a receipt of goods acknowledgement and approval of the invoice payment to Accounts Payable.

## **E. Invoice Payments**

Invoices submitted by vendors for the payment of goods and services authorized by purchase orders are processed by the Accounts Payable Department.

Prior to payment, all invoices must have the appropriate departmental approvals. Approved invoices should be sent to Accounts Payable via email (AccountsPayable@apu.edu), U.S. mail or campus mail.

### **Department's Responsibility**

- Compare invoice information with receiving records and purchase orders for accuracy
- Review invoice promptly to ensure that any cash discounts are processed within the invoice payment terms
- Notify Purchasing for all purchase order changes, additions and deletions
- Verify chart of accounts so invoice can be paid out of the correct department account
- Maintain supporting documents (ie – contracts, agreements) for invoice payments

### **Components of an Invoice**

- Vendor name in header of invoice
- Vendor remit to address
- PO#, Vendor invoice # and invoice date
- Payment terms matching the PO payment terms
- Sufficient itemization to know what goods / services were provided
- Billing name: Azusa Pacific University
- Billing amount

**ADDITIONAL INFORMATION****I. CONTACT INFORMATION**

Business Office

**Email:** [businessoffice@apu.edu](mailto:businessoffice@apu.edu)

**Phone:** (626) 815-4697

**On-campus Extension:** 4697

**Mailing Address:**

Business Office

Azusa Pacific University

901 E. Alostia Ave.

PO Box 7000

Azusa, CA 91702-7000

**II. LINKS**

Business Office

<http://www.apu.edu/businessoffice/>

Accounts Payable

<http://www.apu.edu/businessoffice/departments/payable/>

General Counsel

<http://www.apu.edu/generalcounsel/>

**III. FORMS AND INSTRUCTIONS**

For helpful forms related to purchasing and accounts payable, please visit the following APU Business Office website:

<http://www.apu.edu/businessoffice/forms/>

For frequently asked questions (FAQs), the Business Office website has a page that provides support. Please visit the following website:

<http://www.apu.edu/businessoffice/faq/>