Procurement and Expense Updates

December 2019
Outline

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Business Expense

• **Necessary** to perform a valid business purpose fulfilling the mission of Dartmouth; and

• **Reasonable** in that the expense is not extreme or excessive, and reflects a prudent decision to incur the expense; and

• **Appropriate** in that the expense is suitable and fitting in the context of the valid business purpose; and

• **Allowable** according to the terms of any federal regulation, sponsored contract, or Dartmouth policy.
Purchasing Policy

• **Purchases up to and equal $9,999.99**
  • Use of preferred suppliers is encouraged

• **Purchases between $10,000 - $24,999.99**
  • Requires at least 3 quotes if not using contracted/preferred supplier
  • Attach written quotations to requisition
  • Include a clear, concise, and factual justification for selection when limited sources or low bid is unacceptable because of factual circumstance
  • Contact Procurement Services to assist if unable to identify three suppliers
Purchasing Policy (continued)

• **Purchases equal to or over $25,000**
  - Contact Procurement Services to conduct a formal bid process
  - Work with Procurement Services to directly solicit bids and provide a tabulation of bids for the requestor's review and evaluation
  - Review and approval of contracts and purchase order are required
    - Contracts are reviewed by Procurement Services or Office of the General Counsel.

• **Sole Source**
  - When there is a single source for the required good or service
  - Document technical characteristic making it essential to purchase the particular good or service
Purchasing Policy (continued)

A DARTMOUTH PO IS REQUIRED IN ADVANCE OF PURCHASE FOR:

• Goods or services
  • With aggregate annual financial commitment > $10,000
  • Of any value if within one of the following identified areas of risk:
    • Food providers for College functions
    • Construction - any design or construction work related to College facilities
    • Travel and Transportation – buses and other off-campus trips
    • Information Technology/Financial Services, typically involves access to personally identifiable information (PII), protected health information (PHI), financial data or other Dartmouth confidential and/or proprietary information
    • Environmental Services – radioactive or hazardous waste management
    • Intellectual Property – any transaction in which the College receives intellectual property rights (typically copyrights or patents)

• Capital equipment (a value in excess than $5,000)
• Goods bearing Dartmouth word marks or logos
• Any services performed outside of the United States

If the Vendor requires a PO one can be generated at any dollar amount.
Determining When A Purchase Order Is Needed

- **Department Determines Need for Service or Product (Goods)**
- **Is there a Contract, Independent Contractor Agreement or Master Lease Agreement approved by Procurement or General Counsel’s Office?**
  - Yes: No Purchase Order Required
  - No: **Is this a Defined Risk category (see list)?**
    - Yes: **Purchase Order Required**
    - No: **Is this equipment with a value greater than $5,000?**
      - Yes: **Purchase Order Required**
      - No: **Is the aggregate annual financial commitment $10,000 or greater?**
        - Yes: **Purchase Order Required**
        - No: **Is this purchasing goods bearing Dartmouth work marks or logos?**
          - Yes: **Purchase Order Required**
          - No: **Is this service performed outside the United States?**
            - Yes: **Purchase Order Required**
            - No: **Yes**

- **Defined Risk categories**:
  - Food providers—not on preferred catering list
  - Construction—any design or construction work related to College facilities.
  - Travel and Transportation—hiring buses and other group off-campus trips.
  - Information Technology/Financial Services—typically involve access to personally identifiable information (PII), protected health information (PHI), financial data or other Dartmouth confidential and/or proprietary information.
  - Environmental Services—radioactive or hazardous waste management.
  - Intellectual Property—any transaction in which the College will receive intellectual property rights (typically copyrights or patents) in the goods or services provided.
Preferred Suppliers

- **Do I need to use a preferred supplier?**
  - The use of preferred suppliers is no longer required but still encouraged.

- **Who are the preferred suppliers?**
  - W.B. Mason, VWR, Airgas, Allen’s Vending, Red Thread, Enterprise, etc.
  - Full list in Procure-to-Pay Guide (see link on last slide)

- **Why use preferred suppliers?**
  - Negotiating power comes from ability to drive business to a specific vendor
  - Suppliers vetted for insurance compliance, health certificates and background checks

- **How much do we save by using preferred suppliers?**
  - Savings vary by preferred supplier
  - Continual assessment of pricing available through the preferred supplier contracts

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**Example:**

Comparison of top 50 office supplies:
Amazon average unit pricing: $17.23
W.B. Mason average unit pricing: $11.52
**WB Mason 33% lower than Amazon**
Preferred Suppliers (continued)

Example 2:

Comparison of top 50 lab supplies:

VWR average unit pricing: $36.09
Amazon average unit pricing: $66.80

VWR 46% lower than Amazon

<table>
<thead>
<tr>
<th>MFG Cat#</th>
<th>Description</th>
<th>UOM</th>
<th>2015 Usage</th>
<th>Amazon Per Unit Price</th>
<th>Amazon Total Price</th>
<th>VWR Per Unit Price</th>
<th>VWR Total Price</th>
<th>$ Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>34155</td>
<td>Kimwipes™ Ex-L Delicate Task Wipes 4.5&quot;x 8.5&quot;</td>
<td>EACH</td>
<td>781</td>
<td>$5.49</td>
<td>$4,287.69</td>
<td>$2.15</td>
<td>$1,679.15</td>
<td>$(2,608.54)</td>
<td>-61%</td>
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<tr>
<td>55081</td>
<td>Safeskin Non-Powdered Small BOX/100</td>
<td>BOX</td>
<td>734</td>
<td>$11.33</td>
<td>$8,316.22</td>
<td>$10.91</td>
<td>$8,007.94</td>
<td>$(308.28)</td>
<td>-4%</td>
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<tr>
<td>55083</td>
<td>Safeskin Non-Powdered Large CASE/1000</td>
<td>BOX</td>
<td>416</td>
<td>$11.94</td>
<td>$4,967.04</td>
<td>$10.91</td>
<td>$4,538.56</td>
<td>$(428.48)</td>
<td>-9%</td>
</tr>
<tr>
<td>55082</td>
<td>Safeskin Non-Powdered Medium</td>
<td>PKG</td>
<td>139</td>
<td>$12.84</td>
<td>$1,784.76</td>
<td>$10.91</td>
<td>$1,516.49</td>
<td>$(268.27)</td>
<td>-15%</td>
</tr>
</tbody>
</table>
Procure-to-Pay Guide

- A resource for Dartmouth College employees to utilize before making a purchase of a good or service.
- The Guide is organized by category of purchase (e.g. Advertising, Computers, Equipment, etc.).
- In each of the categories, all efforts should be made to purchase goods and services using the “Buy/Pay” approach.
- **The “Buying & Paying” approaches are listed in the preferred order.**
  
  www.dartmouth.edu/finance/purchasing/buying_paying/procure_to_pay_guide/index.php

Examples:
Internal Purchases

Use a chart string or PTAEQ to charge goods and services between affiliated areas, such as:

✓ Computer Store
✓ Hanover Inn (food, beverage and rooms)
✓ Central Stores or other stockrooms
✓ Conferences and Events
✓ Dining Services
✓ Athletics
✓ Dick’s House
✓ Human Resources
✓ Parking Operations
✓ Computer Service
✓ Hopkins Center
✓ Hood Museum
✓ Etc.

Why?

• Fees are paid by Dartmouth when credit cards are used
• Processing internal charges takes less administrative time than allocating credit card charges.
• Avoids prepared food tax at the Hanover Inn
PCard Purchases

Policy
PCards can be used for purchases up to $2,499, with some exceptions:
- Personal Purchases
- Pyramiding Purchases
- Travel, Entertainment, Alcohol, Meals in Restaurants
- Services (unless specifically authorized)
- Clinical Study Incentives/Research Participant Payments (except gift cards)
- Internal Purchases
- See Policy for Complete List (Link on last slide)

No receipts are required for:
- Purchases less than $75
  - unless varsity sport related or gift(s)
- Where Level 3 detail is provided by the vendor
  (e.g. W.B. Mason, Airgas, FedEx, FW Webb, etc.)

Process
1. Purchase item using PCard. Save receipt, only if required.
2. Use eForms to submit to appropriate reviewer (Finance Center or Other Administrator)
   - Appropriate Chart String
   - Business Purpose*
   - Amount
   - Receipt (if required)
3. Reviewer approves the transaction in PCard system

* See Business Purpose examples on slide #20.
Corporate Card & Expense Reports

Policy

• For travel and entertainment purposes
• When used for non-travel business related purchases, Corporate Cards can be used like a PCard for purchases up to $2,499, with some exceptions:
  • Personal Purchases
  • Pyramiding Purchases
  • Services (unless specifically authorized)
  • Clinical Study Incentives/Research Participant Payments (except gift cards)
  • Internal Purchases
  • See Policy for Complete List (Link on last slide)
• No receipts are required for:
  • Purchases less than $75
    o Unless varsity sport related, gifts, relocation, entertainment and lodging

Process

1. Purchase item using Corporate Card. Save receipt, only if required.
2. Add any other expenses for reimbursement (e.g. mileage)
3. Settle expenses one of two ways:
   • Oracle iExpense system or app
   • eForm to Finance Center (not Geisel)
4. Expenses should be settled within 30 days and may not exceed 120 days of the expense date or date of return from extended travel.
5. Expense Reports are certified by the employee and approved by the immediate supervisor, more senior officer in the department, or individual fiscally responsible for account. (An individual supervisor may delegate his or her signature authority to another individual.)
Corporate Card & Expense Reports Responsibilities

**Payees/Travelers or Delegate**

- Comply with College policies and procedures
- Provide complete, accurate and detailed information
- Submit required receipts
- Provide approver –or– grant manager
- Correct errors/remove unallowable expenses
- Pay for personal or non-College related expenses
- Settle Cash Advance in one expense report and submit to Finance Center
- Submit within 120 days

**Approvers**

- Confirm expenses and funding are:
  - allowable and applicable
  - available
  - reasonable
- Review business purpose
- Approve/deny within 5 days of email notification (2 sent)
# Invoice Processing

All invoices should be sent to invoice@Dartmouth.edu by the vendor or, if sent to the department, by the department.

## PO Invoices
- Provide PO number - if known, if not known, select Non-PO invoice and indicate "PO already created"
- Do **not** require:
  - approvals unless the invoice amount is over $24,999
  - account string
  - requisition numbers
- Do **not** attach copies of eProcurement documents
- Indicate if goods/services can be or have been received in eProcurement

## Non-PO Invoices
- Authorized approval and chart string required in Payment Request eForm
- If invoice total is $5,000 or more and is being expensed to a PTAEO, then OSP must approve prior to submitting to a Finance Center
Hiring Food Providers/Caterers

If you use an unapproved food provider/caterer, you will need to collect all of the following documents:

✓ W-9
✓ New Supplier Form
✓ Certificate of Insurance
✓ Food Service License/Kitchen Inspection Report from their State’s Health Department

For more information:
www.dartmouth.edu/finance/forms-policies-systems/policy_library/foodproviderinternal.php
Independent Contactors

Individuals who render a service and meet contractor conditions established by the IRS. They are not entitled to employee benefits, are not covered by workers' compensation, and their pay is usually not subject to income tax withholding.

Independent Consultant/Independent Contractor Agreement:

- A contract completed between Dartmouth College and the independent consultant/independent contractor
- Provides Dartmouth standard terms and conditions
- Can be written for like services up to one year

What’s needed to hire an Independent Contractor:

- Completed Independent Consultant/Independent Contractor Service Agreement, Addendum checklist, Statement of Work (if appropriate) and a W-9
- Forms are valid for the period of the work assignment described on the Agreement, up to one year
- Independent Contractor status is reviewed and confirmed by Procurement

[finance/purchasing/working_with_suppliers/independent_contractors.php](finance/purchasing/working_with_suppliers/independent_contractors.php)
Working with an Independent Contractor

1. Department Determines Need for Service not able to complete with internal resources
2. Identifies Consultant/Independent Contractor (IC)
3. Works with IC to define Statement of Work
4. Work with IC to complete Consultant/Independent Contractor Service Agreement
5. Work with IC to complete Addendum to Standard Independent Contractor Service Agreement
6. Process request as a Temporary Employee
7. Addendum indicates Independent Contractor? (Yes/No)
8. Complete OnBase eform attaching SOW, Agreement and Addendum
9. Procurement determines IC Status? (Yes/No)
10. Department approves invoice in eForm noting in Comments Dates of SOW
11. Finance Center routes Invoice to department for approval
12. Work is completed and Vendor sends Invoice to invoice@dartmouth.edu
13. Notify IC to begin Work
Fixed Assets

- The primary objective is to maintain an accurate inventory of capital equipment items (> $5k) used by the institution and to provide guidelines to follow in recording this equipment.

- Contact the Fixed Assets Administrator in Procurement Services for assistance with:
  ✓ Transferring/selling/disposing of fixed assets
  ✓ Taking equipment off campus
  ✓ Needing new equipment tagged

[Website Link]

Contact information: 603-646-2149 or Fixed.Assets@Dartmouth.edu
Business Purpose

- A “Business Purpose” is required on a Business Expense report and on a PCard purchase.
- There is no need to include information that is collected elsewhere on forms or receipts – e.g. location of travel, dates, items purchased, etc.

<table>
<thead>
<tr>
<th>Not Sufficient</th>
<th>Enough</th>
<th>Too Much Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business trip</td>
<td>Trip to NACUBO Conference</td>
<td>Trip to NACUBO Conference in Washington DC on April 12 – April 16. Topics discussed included higher education finance.</td>
</tr>
<tr>
<td>Lunch</td>
<td>Lunch meeting with visiting professor, Sam Smith</td>
<td>Lunch at Canoe Club with Professor Sam Smith, Visiting Professor from the University of California at Berkeley.</td>
</tr>
<tr>
<td>Lunch with colleague</td>
<td>Lunch with Sue Smith to plan symposium presentation</td>
<td>Lunch at Molly’s with Sue Smith to discuss our presentation at the World Health Symposium on new methods for combating diabetes.</td>
</tr>
<tr>
<td>Dinner</td>
<td>Dinner meeting with Bio 101 class (20 attendees)</td>
<td>Pizza dinner for Bio 101 class meeting in Silsby 104 with 20 students…(names of students)</td>
</tr>
<tr>
<td>Supplies</td>
<td>Lab supplies</td>
<td>Lab supplies and chemicals: beakers, centrifuge tubes, Trypsin/EDTA .25% 100ml, Ready Gel 4-15% Tris-HCl 50uL</td>
</tr>
<tr>
<td>Supplies</td>
<td>Office supplies</td>
<td>Office supplies including staplers, pens, post-it notes, paper, and pads for office supply closet</td>
</tr>
<tr>
<td>Entertainment</td>
<td>Event with alumni donors</td>
<td>Event at Sue Smith’s house in Boston, MA for 26 alumni donors, including …. (names of donors)</td>
</tr>
</tbody>
</table>
Meals & Entertainment Clarification

- Local (non-travel) meals may be paid for using Corporate Cards.
- In cases where College employees meet over a meal when they are not traveling, the cost of the meal is reimbursable when the primary purpose is to conduct business and there is a clear reason to meet over a meal (include in business purpose).
- Receipts are always required when the event is considered to be “entertainment.”
- If it’s a group meal, all the attendee names are not necessary, but description and number of group members is required.
Signature Authority Policy

The Policy identifies which Dartmouth College employees are:

✓ Authorized to enter into transactions with external parties on behalf of Dartmouth and

✓ Authorized to approve requisitions for purchases through Dartmouth's internal procurement system

www.dartmouth.edu/finance/forms-policies-systems/policy_library/signatureauthority.php
# Who to Contact

<table>
<thead>
<tr>
<th>Fiscal Officer</th>
<th>Finance Center</th>
<th>Procurement Services</th>
</tr>
</thead>
</table>
| Supports the major divisions and professional schools | Supports the major divisions and professional schools in processing transactions:  
  - PCard expenses  
  - Purchase requests  
  - Invoice processing  
  - Business expenses  
  There are 3 Finance Centers:  
  - Administration and Provost  
  - Arts and Sciences  
  - Geisel School of Medicine | Delivers professional procurement services to the major divisions and professional schools:  
  - Developing bids  
  - Writing or reviewing contracts  
  - Purchasing furniture  
  - Applying for a PCard or Corporate Card  
  - Changing spending limit for PCard or Corporate Card  
  - Transferring, selling, and disposing of equipment |
| • Review, approval, and submission of PCards and Corporate Card applications | | |
| • Review, approval, and submission of changes in PCard and Corporate Card limits | | |
| • Review, approval, and submission of requests for system access and approval limits | | |
| • Approval and submission of new or updated Signature Authority | | |
| • Review and approval of OnBase actions or directly in eProcurement/iExpense, as needed | | |

For technical difficulties with iExpense, please contact: expense.reporting@dartmouth.edu
Important Links

**Finance:** [www.dartmouth.edu/finance/](http://www.dartmouth.edu/finance/)

**Procure-to-Pay Guide:**


**Expense Reporting:**
[www.dartmouth.edu/finance/purchasing/business_travel/expense_reporting/index.php](http://www.dartmouth.edu/finance/purchasing/business_travel/expense_reporting/index.php)