



Dartmouth

# Procurement and Expense Updates

April 2017

# Why are we here to discuss these topics?

## **Findings and recommendations from Procurement peer review**

- Review end-to-end requisition-to-order process
- Conduct technology assessment and implement tools to enable comparison shopping
- Leverage partnerships
- Provide additional training and ensure change management

## **Faculty concerns over certain aspects of policies and processes**

- Reduce time spent on processes
- Make policies less restrictive
- Provide clarification and consistency across campus

## **Continuous evaluation and improvement in processes and policies**

# Outline

1. Business Expenses
2. Purchasing Policy
3. Preferred suppliers
4. Procure to Pay Guide
5. Internal Purchases
6. Internal Purchases Stockrooms
7. PCard Purchases
8. Corporate Card and Expense Reports
9. Invoice Processing
10. Hiring Food Providers
11. Independent Contractors
12. Fixed Assets
13. Business Purpose
14. Meals and Entertainment Clarification
15. Signature Authority
16. Who to Contact
17. Important Links

## Business Expenses

- **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.

# Overview of 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 or a sole source form
  - 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

# Overview of 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.

Make sure to leave enough time for a bid process!

- **Sole Source**

- When there is a single source for the required good or service

Or

- When selecting a bid that is not the lowest value
  - Document technical characteristic or other factor(s) making it essential to purchase from the identified vendor

# 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

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)



Comparison of top 50 lab supplies:  
 VWR average unit pricing: \$36.09  
 Amazon average unit pricing: \$66.80  
**VWR 46% lower than Amazon**

## Example:

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



# 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 “Buy/Pay” approaches are listed in the preferred order.**
- [www.dartmouth.edu/~control/departments/procurement/procure to pay guide/](http://www.dartmouth.edu/~control/departments/procurement/procure_to_pay_guide/)

## Examples:

Select a Category:

Item	Natural Classes		Buy/Pay Approach (in preferred order)	Preferred Vendor
	Internal	External		
<a href="#">Office Supplies</a>		<a href="#">7511</a>	<a href="#">Procurement Card, Non-catalog Requisition</a>	<a href="#">W.B. Mason</a>

Select a Category:

Item	Natural Classes		Buy/Pay Approach (in preferred order)	Preferred Vendor
	Internal	External		
<a href="#">Lab Chemicals - Reagents</a>	<a href="#">7811 - 7899</a>	<a href="#">7471, 7472</a>	<a href="#">Borwell Stockroom, Remsen Stockroom, Procurement Card, Non-catalog Requisition</a>	
<a href="#">Lab Equipment - See Equipment Section</a>				
<a href="#">Lab Gases</a>		<a href="#">7471</a>	<a href="#">Procurement Card, Non-catalog Requisition</a>	<a href="#">Airgas-East, Inc.</a>
<a href="#">Lab Supplies</a>	<a href="#">7811 - 7899</a>	<a href="#">7471, 7472</a>	<a href="#">Borwell Stockroom, Remsen Stockroom, Procurement Card, Non-catalog Requisition</a>	<a href="#">VWR International, Inc.</a>

# Internal Purchases

**Use a chart string or PTAE0 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 Hanover Inn

# Internal Purchases/Stockrooms

Individuals can purchase items from the below stockrooms by providing a chart string, PTAE0, AR number or Work order number.

The link below will take you to the page where you can access the Online Stockroom Catalog to see what items are in each location.

## Various items stocked in each stockroom:

Central Stores	custodial, safety supplies, batteries, kleenex, stamps,
Borwell (DHMC Campus)	chemicals, lab disposables, flasks, gloves, safety supplies, syringes
Remsen (Main Campus)	chemicals, lab disposables, flasks, gloves, safety supplies, syringes
FOM (McKenzie)	maintenance, repair and safety supplies for day to day facilities operations

<http://www.dartmouth.edu/~control/departments/inventoryops/index.html>

# PCard Purchases

## Policy

- **PCards can be used for purchases of goods up to \$2,499, with some exceptions**
- **PCards may not be used for:**
  - 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 #19.

# Corporate Card and Expense Reports

## Policy

- **For travel and entertainment purposes**
- **For non-travel business related purchases, Corporate Cards used for purchases up to \$2,499, with some exceptions (like PCard).**
- **Corporate Cards may not be used for:**
  - 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
    - Unless varsity sport related, gifts, relocation, entertainment and lodging
  - Where Level 3 detail is provided by the vendor (e.g. W.B. Mason, Airgas, FedEx, FW Webb, etc.)

## 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 and Expense Report 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 must be sent to the appropriate Finance Center via email (preferred), OnBase Purchase Request eForm or General eForm, Hinman mail, or courier.

## PO Invoices

- Do not require:
  - signature approvals unless the invoice amount is over \$24,999
  - account strings written on them
  - requisition numbers written on them
- Do not attach copies of eProcurement documents
- Provide PO number - if known, if not known - indicate "PO already created"
- Indicate if goods/services can be or have been received

## Non-PO Invoices

- Authorized approval signatures and chart string required
- If invoice total is \$5,000 or more and is being expensed to a PTAE0, 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/~control/policies/approvedfoodproviderguide.html](http://www.dartmouth.edu/~control/policies/approvedfoodproviderguide.html)

[www.dartmouth.edu/~control/docs/procurement/food-provider-compliance-list.pdf](http://www.dartmouth.edu/~control/docs/procurement/food-provider-compliance-list.pdf)



# Independent Contractors

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

## Some IRS Contractor Conditions:

- The worker has a principal place of business other than the College premises.
- The worker is free from control over the way he/she works both as to the final results and the details of when, where, and how the work is to be done.
- The worker makes his or her services available to the general public and such services are the worker's recognized trade or profession.
- The worker bears the risk of profit or loss.
- The worker is not an employee of Dartmouth College performing services that are related to their regular work assignment.

## What's needed to hire an Independent Contractor:

- When hiring an individual you must complete an Independent Contractor Form and a W-9.
- Forms are valid for the period of the work assignment described on the form.
- Assistance in determining IC status is available by contacting Procurement.

\*\* Special attention should be applied to hiring former employees \*\*

[www.dartmouth.edu/~control/policies/ind-contractors-policy.html](http://www.dartmouth.edu/~control/policies/ind-contractors-policy.html)

# 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

[www.dartmouth.edu/~control/equipfixed/index.html](http://www.dartmouth.edu/~control/equipfixed/index.html)

Contact information: 603-646-2149 or [Fixed.Assets@Dartmouth.edu](mailto: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.

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

# Meals and 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.

Definitions:				
Business Meals	Meals taken with students, donors, colleagues, or individuals from companies, during which specific business discussions or activities took place.			
Local Meals	Non-travel <b>business meals</b> .			
Travel Meals	<b>Business meals</b> taken while traveling away from Dartmouth College.			
Entertainment	<i>OMB Definition: Costs for amusement, recreation (diversion), or social activities and any costs directly associated with those activities (such as tickets to a show or sporty event, meals, lodging, rentals, transportation, and gratuities).</i>			
Type of Meal:		BUSINESS MEALS		Entertainment (8201/8202)
		Local (Non-Travel) Meals (8151)	Travel Meals (8144/8141)	
Pcard	Under \$75	No receipt Attendees Must be delivered or picked-up	N/A	N/A
	\$75 and Over	Detailed receipt required Attendees Must be delivered or picked-up	N/A	N/A
	Per Diem	N/A	N/A	N/A
BER/iExpense	Under \$75	No receipts Attendees	No receipts Attendees if other than self	Detailed Receipt Required Attendees
	\$75 and Over	Detailed Receipt Required	Detailed Receipt Required	Detailed Receipt Required
		Attendees	Attendees if other than self	Attendees
	Per Diem	N/A	No receipt Not allowed for other than self	N/A

## Signature Authority Policy

The Policy identifies which Dartmouth College employees are:

- ✓ Authorized to enter into contracts with external parties on behalf of Dartmouth and
- ✓ Authorized to approve requisitions for purchases through Dartmouth's internal procurement system
- ✓ Contract and purchase request approval levels are determined by position and dollar limits

[www.dartmouth.edu/~control/policies/signature-authority.html](http://www.dartmouth.edu/~control/policies/signature-authority.html)

Authority is requested by submitting the Security Access Form

# Who to Contact?

## Fiscal Officer

Supports the major divisions and professional schools

- 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

## Finance Center

Supports the major divisions and professional schools in processing transactions:

- PCard expenses
- Purchase requests
- Invoice processing
- Business expenses

There are 5 Finance Centers:

- Administration and Provost
- Arts and Sciences
- Geisel School of Medicine
- Thayer School of Engineering
- Tuck School of Business

## Procurement Services

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

For technical difficulties with iExpense, please contact: [expense.reporting@dartmouth.edu](mailto:expense.reporting@dartmouth.edu)

# Important Links

- **Finance Centers:** [www.dartmouth.edu/~fincenter/](http://www.dartmouth.edu/~fincenter/)
- **Procurement Services:** [www.dartmouth.edu/~control/departments/procurement/index.html](http://www.dartmouth.edu/~control/departments/procurement/index.html)
- **Procure-to-Pay Guide:** [www.dartmouth.edu/~control/departments/procurement/procure to pay guide/](http://www.dartmouth.edu/~control/departments/procurement/procure_to_pay_guide/) (sign on required to access guide)
- **Controller's Office Policies:** [www.dartmouth.edu/~control/policies/index.html](http://www.dartmouth.edu/~control/policies/index.html)
- **Business Expense Policy:** [www.dartmouth.edu/~control/policies/dartmouth-business-expense-policy.html](http://www.dartmouth.edu/~control/policies/dartmouth-business-expense-policy.html)
- **iExpense:** [www.dartmouth.edu/~control/iexpense/](http://www.dartmouth.edu/~control/iexpense/) (sign on required to access iExpense)
- **Meal Receipt Matrix:** <http://www.dartmouth.edu/~fincenter/docs/mealsandentmatrix.pdf>
- **Security Access Form:** <http://www.dartmouth.edu/~control/forms/security.html>