Acquisition and Payment Processes
(and other relevant information)

Presented by UM Supply Chain and AP Shared Services
Objectives

- Clarify delegated authority and responsibilities
- Know which office to contact
- Properly classify how goods and services should be acquired
- Identify the different payment types
- Learn what resources are available
# Payment Reference Guide

## Payment Reference Guide

<table>
<thead>
<tr>
<th>Funding Card</th>
<th>Requisition Through</th>
<th>Payment Request (Non-PO Voucher)</th>
<th>Appropriate Office for Signature</th>
<th>Policy Links</th>
<th>Required Documentation/Other Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Awards for Students - Stipends, Scholarships, Fellowships, and Awards</td>
<td>≤ $5000</td>
<td>&gt; $5000</td>
<td>Supply Chain</td>
<td>See Campus Financial Aid Office for details</td>
<td>MU Financial Aid Office UMSL Financial Aid Office SBТ Financial Aid Office</td>
</tr>
<tr>
<td>Advertising - Newspaper, Radio, Television, Billboards, Marketing, etc.</td>
<td>X</td>
<td></td>
<td></td>
<td>See notes 2 and 4 at the bottom of the page</td>
<td></td>
</tr>
<tr>
<td>Alcoholic Beverages</td>
<td>X</td>
<td></td>
<td></td>
<td>BPM 217 - Indirect Expenses</td>
<td></td>
</tr>
<tr>
<td>Auctions, Public</td>
<td>X</td>
<td></td>
<td></td>
<td>BPM 001 - Surplus Property</td>
<td></td>
</tr>
<tr>
<td>Business Meals: Meals are reimbursable as a business expense when they are part of a meeting or activity including other individuals to discuss University business.</td>
<td></td>
<td></td>
<td></td>
<td>BPM 219 - Travel &amp; Other Business Expenses</td>
<td></td>
</tr>
<tr>
<td>On-Campus - Food Only with no service required (e.g. Box lunches, or delivered food)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MU</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UMKC</td>
<td>X</td>
<td></td>
<td>Exclusively to Sope in Student Union and Atrium Student Center. Click HERE for more information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UMSL</td>
<td>X</td>
<td></td>
<td>Exclusively to Sope in Student Union and Atrium Student Center. Click HERE for more information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SBТ</td>
<td>≤ $2,500</td>
<td>&gt; $2,500</td>
<td></td>
<td>Exclusively to Chambeaux in the Hauer Student Center and Residence Hall dining facilities. Click HERE for more information</td>
<td></td>
</tr>
</tbody>
</table>

**Important Notes:**

1. Any good or service available from Show Me Shop MUST be ordered using Show Me Shop.
2. Documents requiring a signature or with terms and conditions MUST be submitted to the appropriate office for signature by an authorized University representative prior to acquisition of goods or services. Signatures by an individual department are prohibited.
3. Outside parties performing work or providing services in University facilities or on University property MUST provide evidence of specified insurance coverage prior to the acquisition of the goods or services. Click HERE to review Risk Management Guidelines.
4. When a purchase exceeds $10,000 the Purchasing Card transaction limit, an expense requisition is required. When a purchase exceeds $10,000 the University business manager must sign a quote. Formal bidding or sole source justification is required.
5. When the purchasing card is utilized as the method of payment and the supplier does not accept the card, an eft requisition is required, unless noted below.
6. Special Note: if you are an MU School of Medicine, MU School of Nursing, or MU School of Health Professions department, you MUST follow the procedures outlined for expense agreement processing.
WHO DOES WHAT
Delegation of Authority

- Delegation of authority is passed down by the Board of Curators to limited areas of the University. Based on Collected Rules and Regulations (Chapters 70 and 80), these offices have authority to execute agreements on behalf of the Board of Curators.
  - UM Supply Chain
  - Business Services
  - Office of Sponsored Programs
  - Tech Transfer Offices

- Departmental Authority and Responsibility is outlined in BPM 301
  - Allows for purchases on the University Pcard up to $5,000 (and within University policy) to be made by designated staff.
Who is Responsible for What

**UM System Supply Chain:**
Responsible for procurement of all goods and non-professional services. Acquisition processes include requisitions and Pcard.
Responsible for processing request for bids and proposal as required by Board policy.

**Business Services:**
Responsible for processing professional service contracts; performance agreements; student educational experience agreements; temporary use of facilities; athletic contest agreements and real estate transactions.
Who is Responsible for What

AP Shared Services:
Responsible for processing payment requests. These include travel reimbursements; purchase order payments and other non-purchase order payments.
No delegation of authority.

Department Users:
Responsibility of the administrative head of the ordering department to assure that purchases initiated by departmental staff are made in accordance with University policy and in the University’s best interest.
University departments MUST obtain needed supplies, equipment or services from University authorized suppliers, including internal University supply centers, when departmental requirements can be reasonably met.
Roles & Responsibilities

• **Preparer** – Must understand all relevant regulatory requirements, UM systems and policies, as well as purpose of each transaction. Must record thorough explanation of each transaction; ensure the proper amounts and accurate data is entered into all fields.

• **Approver or PI** – Must inspect each transaction for reasonableness, verify appropriateness of funding; and ensure the transaction complies with policy, regulatory, and other requirements.

• **Fiscal Manager or PI** – Has primary signature authority on specific chartfield strings. They must review activity on monthly basis for reasonableness and accuracy; ensure that transactions comply with policy, regulatory and other requirements; and review reasonableness of transaction detail.

All parties must ensure supporting documentation is retained and available as necessary.
Why Responsibility Matters

Each person must be qualified to perform their respective tasks:

- Actively involved in the tasks being performed
- Have the appropriate knowledge and technical skills to perform those tasks, including knowledge of relevant regulations and policies
- Have the authority to carry out tasks without being countermanded
PROPERLY DEFINING GOODS AND SERVICES
What is an Agreement?

- Any document that has terms and conditions and binds the University

- These documents must be reviewed and approved by General Counsel

- Signatures are based on assigned delegation of authority
WHY Legal Review is Needed

- **Terms/Conditions**
  - Any terms binding the University must be reviewed and approved by General Counsel

- **Problematic Provisions**
  - Such as: attorney fees, arbitration and choice of law

- **Insurance requirements**
  - Suppliers performing work on campus property must have evidence of proper insurance coverage

- **Indemnification**
  - As an entity of the State of Missouri, created by statute, the University has sovereign immunity. Agreeing to indemnification provisions is considered a waiver of sovereign immunity. Sovereign immunity cannot be waived without act of the state legislature.
Types of Goods

**Tangible Goods**
- You can SEE it and TOUCH it; physical substance and monetary value
  - Office Supplies
  - Computers
  - Lab Equipment

**Intangible Goods**
- Unable to be touched, but has a physical substance or intrinsic value
  - Design Work
  - Landscaping
  - Software Licenses
Types of Services

**Purchased Services**
(Technical, Operating, Management)
- Pest Control
- Printing/Design Work
- Custodial
- Software Development
- Advertising/Marketing

**Professional Services**
(Requires Licensure or Special Training)
- Legal Advice
- Management Consulting
- Financial Auditing
- Speakers/Lecturers
- Performance Agreement

Processed by - UM SUPPLY CHAIN
Processed by – BUSINESS SERVICES
## Which Office Processes

<table>
<thead>
<tr>
<th></th>
<th>Responsible Office</th>
<th>How Processed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goods</strong></td>
<td>UM Supply Chain</td>
<td>Show Me Shop – if available Under $5,000 – Pcard $5,000 - $10,000 – Requisition $10,000 – Requires competitive bidding</td>
</tr>
<tr>
<td><strong>Purchased Services</strong></td>
<td>UM Supply Chain</td>
<td>$0 - $10,000 – Requisition and Purchased Service agreement $10,000 – Requires competitive bidding</td>
</tr>
<tr>
<td><strong>Professional Services</strong></td>
<td>Business Services</td>
<td>Consulting Agreement form If value is over $500,000 requires Board of Curator approval</td>
</tr>
<tr>
<td><strong>Performance Agreements</strong></td>
<td>Business Services</td>
<td>Performance/Speaker form</td>
</tr>
</tbody>
</table>
Properly Defining

- Engaging professionals to provide input on process improvements
  - *Professional Service*

- Purchasing spectrometer for use in a lab
  - *Tangible Goods*

- Develop department website to include content updates and ongoing maintenance
  - *Purchased Service*
ACQUISITION PROCESSES
Acquisition Processes

Supply Chain Methods

• Requisitions
  – Show Me Shop
  – Non-Catalog
• Request for Bids/Proposals

Business Services Methods

• Professional Services Contracts
• Real Estate Contracts
• Athletic Competition Agreements
• Speaker/Lecture Agreements
Purchasing Guidelines

- Show Me Shop
  - Catalog Requisitions in PeopleSoft
- Pcard
  - up to $5,000 and if allowable by policy
- Requisitions required:
  - When the Pcard is not allowed or accepted
  - Purchases over $5,000
    - $5,000 - $10,000 no special requirements
    - $10,000 and above requires competitive bidding
    - Over $25,000 requires formal bidding and advertising
Show Me Shop

- Most efficient method for acquiring items from contracted vendors
- Currently have 35 catalogs loaded into Marketplace
- Requisitions auto-route for approval
- Shopper Only role available
Non-Catalog Requisitions

- Used when a purchase is over $5,000, or when the Pcard is not accepted or allowed

- Used to start the RFB/RFP process

- Must be created PRIOR to acquisition of an item or service
Confirming Orders

- Issued “After-the-Fact”
- Commits the University without Procurement involvement
- Bypasses Delegation of Authority
- Purchase Order MUST be issued before commitment is made to supplier
- Must be avoided as much as possible
Competitive Bidding

- Request For Bid
  - Lowest price meeting specifications
- Request For Proposal
  - Best value based on established criteria
  - Financials are part of evaluated criteria
  - Evaluation team reviews and scores responses
Other Procurement Processes

- **Sole Source**
  - Documentation must be completed by the subject matter expert.

- **Group Purchasing Organizations**
  - E&I (Educational & Institutional) Cooperative
  - US Communities
  - WSCA (Western States Contracting Alliance)
  - State of Missouri Contracts

- **Commodity Assignments**
Purchases with special requirements

- IT related, software and telecommunication purchases
  - BPM 1204
- Logo/Licensed Items
  - Appropriate campus licensing trademarks approval
- Gift Cards
  - BPM 220
- Healthcare related expense contracts
  - SOM, SON, SHP and related Extension areas (Columbia campus only)
Business Services

• Professional Services Contracts
  – Consulting
• Real Estate Contracts
• Athletic Competition Agreements
• Speaker/Lecturer Agreements
• Performance Agreements
When is a contract required?

- When legal terms and conditions exist in which the University must agree
- When Intellectual Property issues exist
- If a contract is NOT normally required, but the supplier requires a signature, then it must be processed by Business Services

- NOTE -- Columbia and Kansas City – Contracts required if over $500
- NOTE -- St. Louis and Rolla – ALL dollar amounts require Business Services contract
Intellectual Property

- Some engagement ALWAYS require a contract. Requires “work for hire” language.
- Copyrightable materials (such as books, manuscripts, photographs, artistic works, musical recordings, movies, television programs) are the property of the person who created.

  Example: If a photographer is hired without an agreement, the photographer owns the rights to the photographs not the University.
A University employee must disclose through a conflict of interest form when he or she has a direct or indirect financial interest in:

- A contract for the sale of goods or services;
- Research contracts or grants, or
- Other contracts, including those for technological transfer, with private firms or corporations
Independent Contractors

- An Independent Contractor Checklist must be completed when contracting with an individual.
- The checklist is not required for entities that have a business tax ID number.
- Checklist is needed for consulting, performance and speaker/lecturer agreements, or when purchasing services.
- This form is IRS driven and essentially deals with tax withholding issues.
Real Estate Transactions

- Includes Buying or selling real estate, or leasing property
- All leases are managed by Business Services and signed at the UM System level
- Leases must be reviewed by the General Counsel Office and UM Business Services
- Lease agreements require fair market value analysis prior to approval
Room Rentals

Meeting & Conference Room Rentals
- Reviewed and signed by Business Services
- Often contain problematic provisions (such as indemnification, insurance, attorney fees, arbitration and choice of law)
PAYMENT TYPES
Payment Types

- Purchase Order vouchers
- Payment Requests (non-PO vouchers)
- Commercial Card programs
- Expense Reimbursements
PO Vouchers

- The invoice is processed by AP Shared Services
- Standard pay terms for PO Suppliers are Net 30
- Why we have pay terms
  - Allows us to take advantage of early pay discounts from suppliers
- Will utilize different pay terms if offered by a supplier
  - eg: 2/10 Net 30 = 2% discount if paid in 10 days, net due in 30 days
- Pay date is calculated based on Invoice Date
Payment Requests (Non-PO Vouchers)

- Property Rentals/Leases/Real Estate
  - Requires contract through Business Services
- Speaker/Lecturer payments
  - Columbia and Kansas City - If over $500 requires Business Services contract
  - St. Louis and Rolla – ALL contracts require Business Services contract
- Royalty Payments
- Educational Experiences/ International Exchange Programs
- Performance agreements
  - Requires contract through Business Services
Payment Requests (Non-PO Vouchers)

These items are allowed on a Non-PO voucher IF a Pcard is not accepted by the Supplier

- Magazines/Journals/Newspapers
- Utility Payments
- Conference Registration fees
- Dues/Memberships
- Direct Bill for Hotels
Common Errors Payment Requests

- Missing supporting documentation
- Documentation/comments are incomplete or unclear
- Invoice Number/Address/Total do not match documentation
- Voucher not in compliance with the Payment Reference Guide
- Need multiple invoice lines (1099 reporting)
- SSN or other personal information hasn’t been redacted
Commercial Card Programs

- **P-Card**
  - Purpose is to provide an efficient means of making routine, small dollar purchases and payments for University purposes

- **Fleet Card**
  - Assigned to University owned vehicles for fuel purchases

- **Travel Card**
  - Individual liability card issued to University employees who travel on University business

- **Single Use Accounts**
  - Payment mechanism used behind the scene to pay some suppliers who may offer an early pay discount
Purchasing Card (Pcard)

- Not a right or privilege to have a University Pcard
- Training required before card is issued
  - (New & Renewal)
- The maximum limit is $5,000 per transaction
- Transportation option available
- Post-Audit in Supply Chain

The Purchasing Card is a payment mechanism. The purchase MUST follow all university policies.
Special Pcard Documentation

- **Food Purchases**
  - Documentation should include the specific business purpose of the meeting/event, names or titles of individuals attending and their relationship to the University

- **Alcohol**
  - Statement explaining how this expenditure benefits the University must be provided

- **Third Party Payment Providers (ie. PayPal or Square)**
  - Provide description of item purchased and name of the actual supplier
Pcard Roles & Responsibilities

- **Cardholder**
  - Delegated authority to purchase items in compliance with policies. Held accountable for transactions made. Must provide receipts for reconciliation and signed statement in timely manner.

- **Approving Official**
  - Verifies and approves all monthly transactions are in accordance with University policy. Must sign statement and submit to Supply Chain in timely manner.

- **Department Administrative Head/Fiscal Officer**
  - Determines who should have card
  - Determines what limits a cardholder should have
University Fleet Card

- University Fleet card
  - Used for fuel purchases for University owned vehicles
  - Assigned to the vehicle
  - New program has additional reporting features

New Program Coming Soon!!
University Travel Card

- University Travel card
  - Used for travel related expenses while in travel status

- Employee must request reimbursement through T&E system and responsible for making payment

- Will be transitioning to a new program late 2016
SUA – Single Use Accounts

- Payment made behind-the-scenes
- Electronic credit card payment
- Supplier has the option to receive an SUA payment
OTHER RELEVANT INFORMATION.....
Asset Management

- University equipment valued at $5,000 and above must be appropriately identified and tagged.
- Asset Management is responsible for maintaining the records associated with Capital Assets.
- Departments are responsible for verifying records on an annual basis.
- Form 27 used to make changes.
Surplus Property

All University owned property may ONLY be disposed through a Surplus process

- Ways property can be disposed:
  - Repurpose to other University departments
  - Auctions (held monthly in Columbia)
  - Tag Sales (Rolla and St. Louis)
  - GovDeals (online auction site)
  - Employee Purchases (must work with Surplus on details)
Supplier Diversity

University has an interest in promoting and utilizing diverse suppliers
- Minority Business Enterprises
- Women Business Enterprises
- Veteran Owned Businesses (includes Service-Disabled Veterans)
- Disadvantaged Business Enterprises (DBE)
- Suppliers should be certified by a recognized external organization

First Tier Supplier
- Buying direct from a diverse supplier

Second Tier Supplier
- Primary supplier buys from a diverse supplier
Supplier Registration: Requisitions

- Supplier ID should not be selected in the requisition
- The supplier information should be entered into the comment section of the requisition
  - Name
  - Address
  - Phone number
- Created by Supply Chain
Supplier Registration: Payment Requests

- Approved by AP Shared Services using Supplier Registration Module
- Requirements for Supplier Registration:
  - **W9 (Domestic)** – New Supplier
  - **W8 (Foreign)** – New or Updated
- Encourage ACH Direct Deposit
- **Supplier Naming Convention** (abbreviation)
  - Ex. International → INTL
  - Ex. University → UNIV
Common Errors Supplier Registration

- Domestic Supplier: W-9 not included for (new)
- Foreign Supplier: W-8 not included (new/update)
  - Purpose for request not entered into comment section
- Student option not selected during supplier create
- Comments request for address to be updated, but no address sequence is selected
- TIN not entered
- Foreign Account Tax Compliance Act (FATCA)
TRAVEL AND EXPENSE INFORMATION
Components of Travel and Expense

- Travel Authorizations
  - Used to document supervisor’s approval of upcoming travel

- Expense Reports:
  - Used to document and reimburse expenses incurred by employees

- Cash Advances
  - Used to issue money to traveler prior to trip

- Commercial Travel Card (MyWallet)
  - Used to pay business and travel expenses
Types of Employee Reimbursements

- Approved Moving Expenses
- Non-Travel Business Expenses
- Business Meals
- Business Mileage
- Overnight and Non-Overnight Travel
- Foreign Business Travel
T&E Roles and Responsibility

- **HR Supervisor/Administrative Superior**
  - Authorizes and approves travel for the purpose University business

- **Traveler**
  - Follows policy and procedure when making purchases
  - Ensures proper payment method is used when incurring expenses
  - Enters and submits Expense Reports and Travel Authorizations
  - Properly accounts for expenses within 60 days of being paid or incurred

As outlined in Traveler Training Guide – Appendix C
Approver Roles and Responsibility

- Project Manager Approver:
  - Approves travel expenditures charged to a grant/project
  - Confirms expenditures are allowable per A-21/ sponsor guidelines

- Fiscal Approver
  - Confirms expenses are in compliance with policies
  - Ensures that all required documentation is provided (ex. receipts)
  - Verifies proper funding

- Prepay/Postpay Auditor
  - Completed by AP Shared Services
  - Reviews for completeness and compliance
Travel Related Policies

BPM-218 Accountable Plan Business Expense Reimbursement

BPM-219 Travel and other Business Expenses

- Business connection or purpose
- Process reimbursement within 60 days
- Return any cash advance within 120 days
- Determine the most cost effective purchasing method
- Departments may not establish lower limits
Moving Expenses

BPM-214 Disbursements – Moving Expenses

- Moving Companies
- Employee Moving Expense Reimbursement Request & Summary

HR-103 Moving Expenses
Methods of Transportation

- Personal Vehicles
- University-Owned Vehicles
- Rental Cars
- Airfare

BPM-504 Methods of Transportation
BPM-507 Car Rental Services
Allowable Travel Expenses

- Lodging
- Per Diems
- Meal Allowance
- Expense Adjustment
- Unallowable Expenses

BPM-505 Allowable Expenses
Additional Travel Policies

- BPM-500 Travel
- BPM-501 Authorization to Travel
- BPM-503 University Travel Cards
- BPM-506 Cash Advances
RESOURCES

Finance Support Center

- financesupport@umsystem.edu
- Hospital and Clinics: 884-1234
- MS&T Campus: 341-4266 or 877-752-1117 (after hrs)
- UMKC Campus: 235-1371
- UMSL Campus: 516-5366
- UMSYS, UOEXT, MU Campus: 882-3201
- Toll Free All Campuses: 877-752-3334
RESOURCES

- Payment Reference Guide
- AP Shared Services website
- Supply Chain website
QUESTIONS?