

Knox College

Purchasing Manual

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VI. Summary

I. PURCHASING SYSTEM

Knox College's purchasing system is comprised of a number of parts. All members of the College community participate in this system in one way or another. This manual is an explanation of the components of this system. It explains the procedures that should be followed and what documents are necessary.

All purchases from external vendors, with the exception of those items noted in this manual, must be reviewed and processed by the Accounts Payable/Purchasing/Loans Coordinator. The primary aim of the purchasing system is the acquisition of goods and services pertinent to the educational institution. Inherent in this goal is the belief that the College should get the best quality products for the best price. A purchasing system ensures that department budgets are protected when purchases are made from external vendors. Proper records help track purchases and assure that proper accounts are charged; they allow budget managers to monitor and control the use of funds.

If an individual makes a purchase without proper approval, the College maintains no obligation for payment to the vendor. Therefore, individuals making unauthorized purchases should be aware that improperly ordered goods and services may become their obligation to pay. The institution will closely scrutinize all transactions made without proper authorization. Approval to reimburse an unauthorized purchase requires the signature of the appropriate Vice President. All receipts must be turned into the Business Office within 30 days of the expense; otherwise the College maintains no obligation to reimburse those expenses. Because Knox College is a tax-exempt institution, any sales tax paid through an unauthorized purchase will not be reimbursed. Use of these procedures by all employees will help to ensure that College obligations are paid on a timely basis. It is with these facts in mind that this manual is produced.

II. REQUEST FOR PURCHASE ORDER (RPO)

SUMMARY STEPS:

- An RPO is prepared by a designated buyer
- Proper signatures are added to the RPO
- Completed RPO is submitted to the Accounts Payable/Purchasing/Loans Coordinator

Before any goods or services are purchased, a [Request for Purchase Order \(RPO\)](#) should be submitted. This document is to be completed by the individual who generates a request for goods or services. The RPO should contain all necessary information including:

- Requestor's Name and ID number
- Department name
- Expense account number
- Date of RPO
- Date that goods are wanted
- Suggested vendor name and address
- Description and specification of item(s), quantity & estimated cost
- Proper signature approval

A "disposition of order" section is available on the RPO so the requestor can indicate how the College should convey the order to the vendor. Orders can be faxed, mailed or returned to the originator to best expedite the order.

"Proper signature approval" means:

- A. An individual who is a "designated buyer" (see section III) makes the request and signs the RPO.
- B. The department chair responsible for the particular budget approves the RPO. (In most academic departments, the department chair is the only designated buyer. In these cases, the RPO would be signed by the department chair alone.)
- C. All RPO's over \$5,000 must have written approval from the Vice President of the department to which the purchase is being charged.

Departments should forward the completed original RPO copy, with proper signature approvals, to the Accounts Payable/Purchasing/Loans Coordinator. Departments should keep a copy of the RPO to allow the Accounts Payable/Purchasing/Loans Coordinator to verify specifications with your department, and also to inform you if there are major changes in specifications and pricing. An RPO form is for **internal** use and is **never** intended to be sent to a vendor. It is prepared **before** the obligation is made, not afterwards.

III. PURCHASE ORDER

SUMMARY STEPS:

- Completed RPO is forwarded to the Accounts Payable/Purchasing/Loans Coordinator
- The Accounts Payable/Purchasing/Loans Coordinator places order by issuing Purchase Order to vendor
- The proper account is encumbered for the amount of the purchase

The **purchase order** is the legal and binding document the College issues to a vendor for goods or services. Most purchases will be handled with a standard purchase order which is issued as a result of a completed RPO.

Each department should have one or two individuals in their area who are familiar with purchasing procedures to act as a **designated buyer**.* This individual will review all paperwork, make sure that all required information has been obtained, and verify that funds for the purchase are available by checking budget totals. When all information is complete, the RPO should be forwarded to the Accounts Payable/Purchasing/Loans Coordinator. If everything is in order, the Accounts Payable/Purchasing/Loans Coordinator authorizes and issues a purchase order. Vendors are asked to cooperate by requiring a purchase order number for any college purchase. Please remind your vendors to include this number on all invoices.

At the time the purchase order is issued to the vendor, the proper accounts are **encumbered** for the amount of the purchase. An encumbrance shows the amount set aside to make a purchase before the bill is actually paid. Encumbrances help budget managers know how much of their budgets have been committed and how much is available for other uses.

The Accounts Payable/Purchasing/Loans Coordinator will forward a copy of the completed purchase order to the originator. This requestor copy is for departmental use and should be maintained to acknowledge receipt of goods or services.

Maintenance and Service Contracts: Purchase Orders are required for all annual maintenance and service contracts. RPO's should be submitted to cover the full term of the contract for the fiscal year. In this case a yearly Purchase Order will be initiated so that expenses will be encumbered for the entire year.

*The Designated Buyer will be appointed by the appropriate Vice President. For most academic departments, the department chair serves as the Designated Buyer. If you have questions concerning designated buyers, contact the Purchasing Coordinator.

IV. INVOICE

SUMMARY STEPS:

- Vendor sends invoice to Business Office
- Business Office forwards invoice to your designated buyer
- Designated buyer reports inaccuracies to the Accounts Payable/Purchasing/Loans Coordinator
- The Accounts Payable/Purchasing/Loans Coordinator reconciles differences
- Proper account and signature authority is added to approved invoice
- Invoice are processed and Accounts Payable/Loans Coordinator issues a check.

An **invoice** is provided by a vendor to confirm the contents and conditions of a particular order made by the College. **PLEASE DO NOT ASK VENDORS TO SEND INVOICES TO YOU OR YOUR DEPARTMENT.** All invoices from vendors should be routed directly to the Business Office, Campus Box 147. Invoices will then be forwarded to the named designated buyer.

Upon receipt of the vendor's invoice from the Business Office, the designated buyer will match the packing slip (if available), RPO and the copy of the purchase order to the invoice. This matching is done as verification of receipt and for payment approval. Any differences that occur during the matching process should be communicated to the Accounts Payable/Purchasing/Loans Coordinator. The Accounts Payable/Purchasing/Loans Coordinator will then follow up to reconcile differences by contacting the vendor.

Approved invoices should be noted with an expense account number and authorized signature and immediately forwarded to the Accounts Payable/Purchasing/Loans Coordinator. It is from the Accounts Payable/Purchasing/Loans Coordinator that a check will be issued for payment. All invoices must be submitted to the Business Office by 10:00am on the Monday of the same week checks are run in order to receive a check on Friday. Checks are run every two weeks. After this point, if the originator has a question regarding the invoice, it should be directed to the Accounts Payable/Purchasing/Loans Coordinator.

V. SPECIAL CIRCUMSTANCES

1. **Office Supplies:** The College has selected Office Depot as the preferred supplier for office supplies purchased by the College. Ordering office supplies through Office Depot provides the College with significant savings on a vast assortment of office products. Departments and programs have authorized purchasers who are trained in the procedures for ordering office supplies through the Office Depot website. Requests for office supplies should be directed to the authorized purchaser in your department or program. No purchase order is needed for purchases from Office Depot by these authorized purchasers. To find the authorized office supply purchaser in your area, please check with your department chair, supervisor, program director, or the Accounts Payable/Purchasing/Loans Coordinator extension 7316.

2. **Blanket Purchase Orders:** This is used for the repetitive buying of goods and services from one vendor over a defined period of time. They are used in unique circumstances and require the authorization of the appropriate Vice President.

3. **Canceled Orders:** If an order needs to be canceled, the Accounts Payable/Purchasing/Loans Coordinator should be informed immediately.

4. **Budget:** It is the responsibility of the designated buyer, department head and/or the appropriate Vice President to verify that departmental funds are available before forwarding an RPO to the Accounts Payable/Purchasing/Loans Coordinator

5. **Petty Cash:** Has been eliminated.

6. **Travel Advance:** For individuals traveling on College business **who do not have a WellsOne Commercial Credit card**, a **Request for Travel Advance Form** http://www.knox.edu/Documents/BusinessOffice/Travel_Advance_Form.pdf must be completed prior to receiving cash to be used for College travel. The travel advance form must be submitted to the Business Office by 10:00 am on Monday in order to receive a check on Friday of the same week checks are printed. The travel advance form must include travel information, amount of advance requested and proper expense account charges and signatures. An RPO form and/or purchase

order will not be required when using this form. All travel advances must be reconciled by submitting a completed Travel Expense Envelope (see below). Failure to complete this form within 30 days of your return may result in a deduction from the employee's Knox College payroll in the amount of the entire advance, or will be added to the employee's taxable income per IRS requirements.

7. **Travel Expense Envelope:** Reimbursements for travel can be obtained by completing a Travel Expense Envelope. These envelopes are available in the Business Office, Room 108 Old Main, or can be mailed to you upon request. Note that it is necessary to include detailed receipts for expenses. If you have lost a receipt, you must fill out the Missing Receipt Form <http://www.knox.edu/Documents/PDFs/missingreceipt.pdf> . If a travel advance was received prior to travel, complete the appropriate section of the Travel Expense Envelope. A cash advance for travel must be reconciled within 30 days after the last day of trip. Unused cash from the advance must be returned to the Business Office immediately upon return. No new advances will be given until the previous advance has been reconciled using the College's expense reporting system. Failure to reconcile and or return any unused cash advance may result in a deduction from the employee's Knox College payroll in the amount of the entire advance, or will be added to the employee's taxable income per IRS requirements. Please refer to the College's ["Knox College Policy on Travel, Entertainment, and Business-Related Expenses."](#)

8. **Travel Arrangements:** While travelers may make their own travel arrangements. Reimbursement to an employee for travel will only be made after the trip has occurred. It is very important that you refer to the College's ["Knox College Policy on Travel, Entertainment, and Business-Related Expenses."](#) to make sure you are in compliance with our travel policy. You can also contact the Accounts Payable/Purchasing/Loans Coordinator extension 7316 for more information.

9. **Reimbursement:** At times, a Knox College employee may find it necessary to purchase an item for College use with out-of-pocket funds. In such cases, approved expenses will be reimbursed according to the College's policies and procedures. (Refer to pg. 1, paragraph 3 of this document, for guidelines). To receive a reimbursement, please complete an RPO. <http://www.knox.edu/documents/pdfs/porequest.pdf> . This form should include your name, expense account to be charged, items purchased (along with detailed receipts), and include authorized signatures. Forms containing only the requestor's signature will not be processed.

10. **WellsOne Commercial Credit Card**

Some individuals on campus are given a WellsOne Commercial Credit Card for purchases made for the College. The purpose of the WellsOne Commercial Credit Card program is to streamline and simplify the requisitioning, purchasing, and payment process for small dollar transactions. The program is designed to

shorten the approval process and reduce the paperwork of procurement procedures such as purchase orders, petty cash, check requests, and expense reimbursements. The goal of the program is to:

- Reduce the cost of processing small dollar purchases□
- Receive faster delivery of required merchandise□
- Simplify the payment process□
- Provide cardholders with empowerment to choose□

We have prepared a [Policy and Procedures Guide](#) for any questions you may have. Program administrators in the Knox College Business Office are [Melody Diehl](#), [Lisa Steinbach](#).

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11. Local Vendors Purchasing Cards: The College has arranged to have purchasing cards with a few of our local vendors. These cards may be checked out in the Business Office. Purchasing cards are available for the following vendors:

Hy-Vee Foods ***Lowes** Wal-Mart ***Menard**
*require PO with purchase

Please contact the Accounts Payable/Purchasing/Loans Coordinator extension 7316 for more information.

12. Special Payments to Individuals: Examples of special payments to individuals, including non-Knox employees, are: honoraria, stipends, fees to sports officials, and awards to prize winners. In order to make payment to these individuals, it is necessary to complete a [Check Requisition Form](#). This form should contain the name and address of person(s) to be paid, expense account to be charged, and have authorized signatures. In addition to the Check Requisition Form, a [W-9 form](#) must be completed and signed by the person to be paid. The W-9 form **must** be on file in the Business Office before the check will be released. No Purchase Order is required for these types of payments.

13. Participant/Incentive Payments for Research Studies: All payments are coordinated through the Dean's Office. You will need to contact the Administrative Assistant in that area at ext. 7217. Completed tax forms are required before any payment can be processed.

14. Web/Credit Card Purchases: In the event that items need to be purchased from a website, Amazon, or a onetime purchase from a vendor you can coordinate this purchase

15. **Bills Not Requiring Purchase Orders**: Examples of these bills are power, phone, cable, water, postal services, and check requisitions associated with payroll or special payments to individuals. This includes non-Knox employees: example -honoraria, stipends, fees to sports officials, and awards to prize winners.
16. **Other Exceptions**: The Library has their own purchasing system which allow them to create and maintain their own purchase orders.
17. **Unauthorized Purchases**:
- Items for personal use
 - Gift Cards
 - Departmental congratulatory or sympathy flowers
 - Unauthorized departmental parties (birthday, holiday lunches, going away)
 - Alcoholic beverages

VI. SUMMARY

What makes the purchasing system work effectively?

YOU DO! First, follow the procedures outlined in this manual.

Second, submit requests in a timely manner so the Accounts Payable/Purchasing/Loans Coordinator has an opportunity to make decisions that will benefit you and the institution. For the system to work, it is necessary to have your full cooperation.

Finally, understand that all circumstances and particular questions cannot be answered by this manual. Ask questions of the Accounts Payable/Purchasing/Loans Coordinator or the Business Office before you take action. You may find it will save both you and the institution time and money.

While these procedures may seem cumbersome, it is relatively simple if you remember that there are several ways for you to use College funds to acquire goods and services:

- Purchase Order
- Authorized Purchaser/Office Depot
- WellsOne Commercial Credit Card/Authorized Purchasers
- Local Vendor Purchasing Cards
- Travel Advance
- Reimbursement of Out of Pocket Expenses
- Petty Cash
- Special Payments