

**INDEX FOR POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

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**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-001

SUBJECT: Introduction to Requisitioning, Purchasing & Accounts Payable Policies

SOURCE: Purchasing & Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To provide information on requisitioning policies, procurement practices, and the receiving and payment of goods and/or services for College use.

POLICY: The policies contained in this manual reflect the requirements of the College, state and federal statutes, and good business practices. The Directors of Business Services and Purchasing are responsible for their interpretation and administration.

These guidelines cover most, but not all, cases involving procurement for the College. In exceptional circumstances or for further assistance, users should contact the Purchasing Department at 651-696-6565.

The College reserves the right to add, amend, or revoke any of the contained rules, policies, regulations, and instructions or incorporate additional ones, with or without notice, as circumstances or the good of the College community may require.

PROCEDURE

REFERENCE: Business Services will document procedures for all applicable policies in this manual.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

- POLICY NO.:** IV-020
- SUBJECT:** Code of Ethics
- SOURCE:** Business Services, National Association of Educational Buyers
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To prescribe a code of conduct for personnel engaged in the procurement process.
- POLICY:** The College's reputation for fair, honest, and consistent treatment of suppliers can best be accomplished if procurement is based solely on the merits of the transaction. All College personnel should conduct themselves in such a manner as to foster public confidence in the integrity of the College procurement operation.
- PROCEDURE REFERENCE:** All persons engaged in the procurement process (whether in the Purchasing Department or in other departments) will adhere to the following Code of Ethics published by the National Association of Educational Buyers (NAEB):
1. To give first consideration to the objectives and policies of my institution.
 2. To strive to obtain the maximum value for each dollar of expenditure.
 3. To decline personal gifts or gratuities.
 4. To grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.
 5. To conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
 6. To demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.
 7. To receive consent of the originator of proprietary ideas and designs before using them for competitive purposes.

8. To make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier, and/or to be willing to submit any major controversies to arbitration or third party review, insofar as the established policies of my institution permit.
9. To accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
10. To cooperate with trade, industrial, and professional associations, and with governmental and private agencies for the purpose of promoting and developing sound business methods.
11. To foster fair, ethical, and legal trade practices.
12. To counsel and cooperate with NAEB members and promote a spirit of unity and a keen interest in professional growth among them.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-021

SUBJECT: Conflict of Interest

SOURCE: Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To remove or limit the possibility of personal influence that might bear upon an employee's decision in his or her capacity as a College employee, and to remove the possibility of direct or indirect benefit to a supplier of College goods or services.

POLICY: Any College employee who has, or whose relative has, a substantial interest in any contract with, sale to, purchase from or service for the College shall make known that interest to the College in advance of the transaction.

The procurement of supplies, equipment, or services from any employee of the College is not authorized unless it is made through public competitive bidding or through assessment by the offices of Purchasing and the Vice President for Administration & Finance. Purchasing is not required to request competitive bids for procurement merely to allow College employees to bid. Nevertheless, Purchasing almost always will solicit competitive bids at the request of a department in order to allow bids or proposals from College employees to be considered.

PROCEDURE

REFERENCE: Purchasing will follow normal bidding policies in instances when one or more bidders are College employees.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-030

SUBJECT: Authority for Procurement

SOURCE: Business Services, Board of Trustees

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To define the authority for committing the College to the procurement of goods and services to be billed to the College, and to define the authority for signing contracts and other agreements.

POLICY: The Purchasing Department is the central authority for the procurement of goods and services required by any College department. All procurement must be made in accordance with policies established by Business Services and the College.

The commitment of College funds is authorized only by:

1. The Purchasing Department issuing a purchase order or College credit card number.
2. The President, Purchasing Director, or other individual specifically authorized by the President signing an approved contract. In general, the following officers have been delegated signature authority, subject to the scope of authority defined for each position by the president.

- President
- Vice President for Administration & Treasurer
- Provost
- Director of Accounting & Treasury
- Director of Budget & Finance
- Purchasing Director
- Purchasing Coordinator
- Director of Physical Plant

Procurements or other commitments made by unauthorized personnel are not legal and binding upon the College and may result in a personal obligation for the individual making the procurement or commitment.

PROCEDURE

REFERENCE: See Policy IV-100: Purchase Order Procedures for more information.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

- POLICY NO.:** IV-040
- SUBJECT:** Approval of Expenditures
- SOURCE:** College Policy
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To describe the College approval guidelines for expenditure approval.
- POLICY:** All expenditures must be approved by the Line Officer of the department that is being charged. The Line Officer may delegate this authority to another employee. This delegation of authority must be submitted in writing to Business Services. **Authorized signers should be those with sufficient knowledge about the transaction to ensure its accuracy, consistency with plans for the budget, and that funds are available for the purchase.** See Accounting Administration Policy I-005: Role of Line Officers for additional information related to fiscal responsibility.
- Authorized signers are assigned an upper dollar limit by their Line Officer. Any transactions over this dollar limit must be co-signed by the line officer. Any transactions over \$10,000 must be co-signed by the Vice President for Administration & Treasurer. Any transactions over \$100,000 must be co-signed by the President.
- All employee reimbursements must have at least two parties involved in the transaction so no reimbursement is initiated and approved by the same person. The approver must also be in a higher position than the payee.
- PROCEDURE**
- REFERENCE:** For all online requisitions, the CARS system will route the requisition to the appropriate individuals. Each budget number (center number or project number) may have up to two authorized signers. It is highly recommended that two people be assigned authorization so there is coverage in case of one signer's absence. Authorized signers are assigned an upper dollar limit of approval authority. For online requisitioning purposes, one will be designated as the primary approver and one as the alternate approver. Only the primary approver receives email notification of

documents awaiting approval. The alternate approver has the ability to log into the CARS system and approve items at any time. However, they do not receive notification of the pending items. If both authorized signers will be unavailable for an extended period of time, Business Services can temporarily change the authorized signers with prior notice from the department chair.

The list of authorized signers for each account number is kept in the CARS database “Approvals by Account” table, maintained by the Director of Purchasing & Accounts Payable. Copies of this list are distributed within Business Services to the people who must verify that the correct individuals sign paper expenditures.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.:	IV-041
SUBJECT:	Approval of Online RPA Transactions
SOURCE:	Business Services
DATE ISSUED:	April 30, 2002
DATE REVISED:	N/A
RATIONALE:	To define who has approval authority for online RPA transactions.
POLICY:	<p>Each budget number (center number or project number) may have up to two authorized signers. It is highly recommended that two people be assigned authorization so there is coverage in case of one signer's absence. Authorized signers are assigned an upper dollar limit of approval authority. For online requisitioning purposes, one will be designated as the primary approver and one as the alternate approver. Only the primary approver receives email notification of documents awaiting approval. The alternate approver has the ability to log into the CARS system and approve items at any time. However, they do not receive notification of the pending items. If both authorized signers will be unavailable for an extended period of time, Business Services can temporarily change the authorized signers with prior notice from the department chair.</p> <p>See Accounting Administration Policy I-005: Role of Line Officers for additional information regarding authorization responsibility.</p>
PROCEDURE	
REFERENCE:	Authorized signers are designated within the Approvals by Account Table in the CARS system. One primary and one alternate approver can be assigned at each level of authority per budget number.
RESPONSIBLE	
ORGANIZATION:	Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-050

SUBJECT: Purchasing Responsibility and Authority for Vendor Selection

SOURCE: Purchasing & Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To establish the authority for selecting vendors.

POLICY: Purchasing and Business Services is responsible for contracting with the best suppliers for the College. However, user departments are encouraged to provide Purchasing with the names of vendors to broaden the supplier base.

As Purchasing and Business Services are customer-focused departments, the vendor selection process is made in association with user departments. Evaluation factors other than cost that may affect vendor selection include, but are not limited to: time of delivery after receipt of order, direct delivery to the work site, return policy, length of time a price will be guaranteed, electronic order capability, and adequacy of invoicing. In those rare cases in which the buyer and the user cannot agree on a vendor, the final authority for selection rests with the Director of Purchasing & Accounts Payable.

PROCEDURE

REFERENCE: See Policy IV-051: Vendor Entry for information on how to establish new vendors.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

- POLICY NO.:** IV-051
- SUBJECT:** Establishment and Maintenance of Vendor Information
- SOURCE:** Business Services, Internal Revenue Service
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To establish and maintain vendor information to allow a purchase from or payment to a supplier.
- POLICY:** Payments cannot be made to a vendor unless the vendor is entered into the vendor database in the CARS system. Full name and address of the vendor, and social security number (SSN) or federal tax ID number (TIN) are required for vendor entry. For payment to individuals, only one person may be named as the vendor/payee, and this must correspond with the SSN or TIN supplied. A completed Form W-9 "Request for Taxpayer Identification Number and Certification" will be required of all vendors providing a service to the College.
- PROCEDURE REFERENCE:** Purchasing and Accounts Payable may only enter a new vendor or a change to vendor information in the CARS system. They will enter a new vendor that provides a service upon receipt of a properly completed W-9 form. Payments to new vendors will be held while we request a W-9 from them. Payments will be held up to 3 weeks. If we still have not received the W-9, payment will be made in the next check run, less 30% tax. If the vendor is a student, only the Registrar's office may change the record. If the payee is an employee, only Human Resources may change the record.
- RESPONSIBLE ORGANIZATION:** Business Services – RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

- POLICY NO.:** IV-052
- SUBJECT:** Independent Contractor Definition and Guidelines
- SOURCE:** Internal Revenue Service Publication 15-A “Employer’s Supplemental Tax Guide”
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To define Independent Contractors and how payment to them will be handled by the College.
- POLICY:** Independent Contractors will be paid for work completed with an Accounts Payable check. A signed “Payment Authorization for Service” form or an invoice will be required before payment can be made. All payment for work completed by an Employee must be submitted through the Payroll office so appropriate taxes are withheld.
- DEFINITION:** The IRS defines employees versus independent contractors according to the following guidelines:
- X Amount of Behavioral control (if the College has a right to direct and control *how* the work is completed)
 - X Amount of Financial control (extent to whether the worker has unreimbursed business expenses; extent of the worker’s investment; extent to which the services are available to the relevant market; how the worker is paid; the extent to which the worker can realize a profit or loss. Independent contractors will normally have greater financial risk than employees.)
 - X Type of relationship of the parties (written contract describing the relationship; whether the College provides worker with employee-type benefits such as insurance/pension/vacation or sick pay; the permanency of the relationship; the extent to which services performed by the worker are a key aspect of the regular business of the College)
- If the College maintains control over a majority of the items above or maintains significant control over any one item, the worker should be classified as an Employee.

PROCEDURE

REFERENCE:

Business Services staff will consult with the Director of Budget and Finance and IRS guidelines to determine whether vendor is an employee or independent contractor. If vendor is an independent contractor, payment will be made through Accounts Payable. If vendor is an employee, Business Services will return the paperwork to the department with instructions to submit paperwork to Human Resources for staff employees or to the Provost's Office for faculty employees. Human Resources and the Provost will request payment through Payroll.

See Policy IV-051 for vendor information requirements and Policy IV-054 for 1099 reporting requirements.

RESPONSIBLE

ORGANIZATION: Business Services

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

- POLICY NO.:** IV-53
- SUBJECT:** Payments to Nonresident Alien individuals
- SOURCE:** IRS regulations
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To ensure accurate tax withholding and reporting for payments made to nonresident alien individuals.
- POLICY:** All departments wishing to pay an honorarium, reimbursement, or other payment to a nonresident alien must contact Business Services at least 15 days in advance of the visit or payment. The department should also contact the Academic Dean's office for assistance with obtaining the proper Visa for the nonresident alien.
- If the nonresident alien wants to use a tax treaty exemption to avoid tax withholding, Business Services must receive a completed Form 8233-Exemption from Withholding on Compensation for Independent [and certain dependent] Personal Services of a Nonresident Alien Individual (See Volume VI) at least 10 days before payment. Form 8233 is not complete and cannot be submitted to the IRS without a social security number or individual taxpayer ID number. Business Services has copies of form W-7 Application for IRS Individual Taxpayer Identification Number.
- If the nonresident alien is not exempt from withholding under a tax treaty, Business Services must withhold 30% tax on the payment.
- DEFINITION:** A nonresident alien individual is any individual who is not a citizen or resident of the United States, who does not meet the substantial presence test or the green card test for the calendar year.
- PROCEDURE**
- REFERENCE:** Procedures that provide specific details with regard to this process are maintained by the Business Services Staff.
- RESPONSIBLE**
- ORGANIZATION:** Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-054

SUBJECT: Internal Revenue Service Form 1099-MISC Reporting

SOURCE: Business Services
Internal Revenue Service Instructions for Form 1099-MISC

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To ensure proper Form 1099 reporting of Non-Employee compensation to eligible vendors.

POLICY: The Internal Revenue Service requires all payments of Non-employee Compensation of \$600 or more to be reported on Form 1099-MISC. Certain payments to corporations, tax-exempt organizations, and payments for merchandise only may be exempt from Form 1099 reporting.

PROCEDURE

REFERENCE: Business Services will collect information from vendors to determine whether payments for service are reportable on Form 1099 (see policy IV-051 Establishment and Maintenance of Vendor Information). Accounts Payable will track reportable payments and issue 1099-MISC forms to eligible vendors by January 31 for the prior calendar year.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.:	IV-060
SUBJECT:	Intent to Procure and Competitive Bidding
SOURCE:	Purchasing and Business Services
DATE ISSUED:	April 30, 2002
DATE REVISED:	N/A
RATIONALE:	To specify appropriate use of invitations to bid or requests for proposals.
POLICY:	<p>The issuance of invitations to bid (ITBs) or Requests for Proposals (RFPs) merely to establish price information is unfair to suppliers. It is costly to prepare a complete quotation or proposal, and suppliers should not be requested to prepare formal quotations unless procurement is intended.</p> <p>Departments may obtain price information for budget purposes from catalogs, prior purchase orders, telephone calls, corporate Web pages, or other informal means.</p> <p>The option to request competitive bids will be at the discretion of the Purchasing Department with cooperation of the user department. Purchasing will follow federal requirements for bidding on government grant budgets.</p>
PROCEDURE REFERENCE:	<p>Purchasing will issue ITBs or RFPs when appropriate. Requests will instruct suppliers how and when bids will be accepted. Purchasing and the user department will review bids and make final selection.</p>
RESPONSIBLE ORGANIZATION:	Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-070

SUBJECT: Consortium Contracts

SOURCE: Purchasing and Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To encourage the use of consortium or cooperative contracts.

POLICY: The College may sponsor or participate in cooperative purchasing agreements.

PROCEDURE

REFERENCE: The College is a member of several consortiums that offer contracts with various vendors. Contracts entered into by these consortiums are available to the College at predetermined prices, terms, and delivery. The Purchasing Department maintains a list of the current consortium contracts.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-080

SUBJECT: When to use a Check Requisition or Purchase Order

SOURCE: Purchasing and Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To assist users in identifying whether a check requisition or a purchase order is more appropriate for their purchase.

POLICY: Examples of when to use a **Check requisition** include:

1. Employee expense reimbursements
2. Honorariums or payments to independent contractors
3. Magazine subscriptions and other subscriptions
4. Items requiring prepayment
5. Invoices for items not purchased with a Purchase Order

See Policy IV-090: Obtaining an Accounts Payable Check via Check Requisition for additional information.

Examples of when to use a **Purchase order** include:

1. Purchases that do not require prepayment (vendors will invoice after shipment of goods)
2. Purchases where freight or exact charges are not known
3. To avoid paying sales tax when purchasing items for College use. See Policy IV-150: Sales and Use Tax.

See Policy IV-100: Purchase Order Procedures for additional information.

PROCEDURE

REFERENCE: See Policy IV-090 for further information about check requisition procedures and Policy IV-100 for purchase order procedures.

RESPONSIBLE

ORGANIZATION: Business Services – RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.:	IV- 085
SUBJECT:	Cell Phones for College Use
SOURCE:	Business Services
DATE ISSUED:	July 8, 2003
DATE REVISED:	N/A
RATIONALE:	To describe who shall have College-paid cell phones and how the program will be administered.
POLICY:	<p>Cellular telephones and services may be necessary for certain Macalester College employees to conduct activities incident to their employment. Requests for cell phones must be approved by the employee's department chair or Line Officer (who will determine need and agree to pay for the service) and the Purchasing Department (who will monitor the program and payment).</p> <p>The College will provide a \$50.00 taxable benefit monthly via the employee's payroll check. This benefit will be added to the payroll check and applicable taxes will be deducted. The employee will be responsible for selecting and paying for the cellular service they desire. This will allow employees to choose a plan that fits both their professional and personal lives if desired. The College will not reimburse the cost of calls, plans, or features that fall above the \$50.00. Employees will not be required to itemize their professional versus personal calls or turn in documentation monthly. Upon request, employees may be asked to show proof that they are maintaining cellular service to continue receiving the benefit.</p> <p>Certain departments maintain cell phones that are checked out within the department (not maintained by/for one person's use) for emergency use only. These phones only will continue to be paid directly by the College. These phones are the property of Macalester College. Departments are responsible for monitoring phone use and approving the bills.</p>

All college employees not qualifying for the allowance or use of a departmental phone may seek reimbursement for the business use of a cell phone for any calls that are not covered under a monthly plan. In order to be reimbursed for any business use of a cell phone, an employee reimbursement form must be submitted. Employees must submit the cell phone bill and indicate which calls were made for business. The business purpose of each call must also be indicated. The employee may be reimbursed the listed cost of the business calls and the portion of tax applicable to those calls. No reimbursement will be made for calls made with minutes covered under the monthly plan.

PROCEDURE

REFERENCE:

Departments must complete the Cell Phone Benefit Request Form and return it to Purchasing. Purchasing will process the form and notify Payroll to begin the benefit.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

- POLICY NO.:** IV-090
- SUBJECT:** Obtaining an Accounts Payable Check via Check Requisition
- SOURCE:** Business Services
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To provide instruction on how to request accounts payable checks through check requisitions.
- POLICY:** There are three methods to request an accounts payable check:
- 1.) The **preferred method** to request an accounts payable check is to submit the request online using the CARS system.
 - 2.) Check requests can be made using the paper Check Requisition form (Volume VI).
 - 3.) The original vendor invoice may also be used for a check request.
- Only **original receipts and invoices** are acceptable as backup documentation. We cannot accept photocopies of receipts, photocopies/carbon copies of the personal check you used, or vendor or credit card statements. If original documentation is unavailable, the copy must contain an explanation of why the original is not available.
- Accounts Payable processes check requisitions weekly. Checks are distributed on Friday. Vendor checks are sent via U.S. Mail and faculty, staff and students checks are sent via intercampus mail unless other handling is requested in the comment field of the online CARS system or in the special instructions section of the paper form.
- Faculty and staff have the option of signing up for payment via direct deposit. See Policy IV-145: Direct Bank Deposit of Accounts Payable for Faculty and Staff for more information.
- PROCEDURE REFERENCE:** All people who routinely submit check requisitions should be trained in the online requisitioning program of the CARS system.

Requests are submitted online, and travel electronically through the approval process. Once they are approved, they are electronically transmitted to Accounts Payable. Original receipts and other backup documentation for online check requisitions must be sent to the Accounts Payable office with the RK number (See Policy I-120: RPA Transaction Codes for the CARS system for description of this code) written on them.

When using a paper check requisition form, original receipts and other backup documentation must be attached and the proper signature approvals must be obtained before the check will be processed.

When submitting a vendor invoice, the budget account number must be provided and an authorized signer must approve it.

If a check request requires special handling, those instructions must be included when the check requisition is submitted.

See Policy IV-080: When to use a Check Requisition or Purchase Order for appropriate uses of check requisitions. See Policy IV-091: Documentation of Business Purpose for instructions on filling the business purpose requirements, and Policy IV-092: Employee Reimbursement for further reimbursement instructions.

RESPONSIBLE

ORGANIZATION: Business Services – RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-091

SUBJECT: Documentation of Business Purpose

SOURCE: Business Services

DATE ISSUED: January 30, 2003

DATE REVISED: N/A

RATIONALE: To provide instruction on how to complete the Business Purpose reporting requirements.

POLICY: The Business Purpose statement is a description of how the business expenses incurred relate to the performance of services as an employee. In order to receive an accounts payable check, the Business Purpose must be fully explained. See below for examples of Business Purpose.

Accounts Payable will return paper check requisitions and deny online check requisitions that do not contain a complete Business Purpose explanation. For requisitions with multiple receipts attached, the Business Purpose of each receipt must be documented.

PROCEDURE

REFERENCE: All people who routinely submit check requisitions should be trained in the online requisitioning program of the CARS system. The Business Purpose of expenditures must be entered into the online requisition or written on the backup documentation. This may be entered in the "Requisition Comments" field on the header screen, or into the description fields on the line item screen. Original receipts and other backup documentation for online check requisitions must be sent to the Accounts Payable office with the RK number (See Policy I-120: RPA Transaction Codes for the CARS system for description of this code) written on them.

When using a paper check requisition form, the Business Purpose must be explained in the Business Purpose section of the form. Original receipts and other backup documentation must be attached and the proper signature approvals must be obtained before the check will be processed.

EXAMPLE

STATEMENTS: Attended CMI management training course June 7-11 to assist in my transition to a management position.

Golf Coach paid for food & lodging for team, during meet at Concordia-Moorhead April 27-28.

Purchased food for departmental breakfast May 15 honoring graduates.

Alumni office staff Joe Smith and Sally Johnson had lunch with potential donors Fred and Mary Olson.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-092

SUBJECT: Employee Reimbursement

SOURCE: Business Services

DATE ISSUED: January 30, 2003

DATE REVISED: N/A

RATIONALE: To provide the requirements for payment of employee reimbursements.

POLICY: Employee reimbursements frequently fall below the dollar amounts requiring review and approval by department chairs or line officers. To ensure that the reimbursements are reviewed and approved correctly, online requisitions for employee reimbursements must have a completed "Employee Reimbursement Request" form attached to the backup documentation. Paper check requisitions must have department chair (or line officer if department chair reimbursement) approval on the "Check Requisition" form.

PROCEDURE REFERENCE: Incomplete or missing forms will be returned to the department for reprocessing. Items must be received fully completed before the deadline for the Accounts Payable check run; returned forms will not be paid until the check run for which they meet the deadline after completion.

RESPONSIBLE ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-100

SUBJECT: Purchase Order Procedures

SOURCE: Purchasing & Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To describe the purpose and use of purchase orders (PO).

POLICY: There are three types of purchase orders. (See Policy IV-080: When to use a Check Requisition or Purchase Order if you are unsure whether you need a purchase order for an item.)

1. **Standard Purchase Order.** A widely accepted means of pre-approving the purchase of merchandise. The **preferred method** to obtain a standard purchase order is online through the CARS system. A standard purchase order may also be obtained by using a paper Purchase Requisition form (Volume VI).
2. **Confirming Purchase Order.** If a department wishes to verbally (rather than electronically) place an order **that is under \$500.00**, the department may call Purchasing to obtain a Confirming Purchase Order number.

The **only exception** to the \$500.00 threshold is airfare. Purchasing will issue a Confirming Purchase Order to a travel agency for any dollar amount.

3. **Blanket Purchase Order.** Departments routinely purchase small-dollar items from the same vendor. In order to save paperwork and track these expenditures, the Purchasing Department may issue a Blanket Purchase Order to the vendor. Instead of issuing a purchase order for each purchase, Purchasing writes up one purchase order that is valid during the current fiscal year. The user department specifies a dollar volume that they anticipate spending and budget number(s) to be charged. The ordering department then uses the blanket PO number each time they order from the vendor. The vendor bills each purchase under the same PO number.

**PROCEDURE
REFERENCE:**

Below are procedures for departments to follow when using the three types of purchase orders listed above.

1. **Standard Purchase Order.** All people who routinely submit purchase orders should be trained in the online requisitioning program. These requests are submitted online, and travel electronically through the approval process. Once they are approved, they are electronically transmitted to the Purchasing Department. Purchasing transforms online purchase requisitions into purchase orders daily. Standard purchase orders may also be requested by using a paper Purchase Requisition form (Volume VI).

Purchase Orders are printed and mailed or faxed to the vendors. The fax number must be provided if the purchase order is to be faxed.

A Goldenrod copy of the Purchase Order is sent to the ordering department. The Goldenrod copy must be forwarded to Purchasing indicating receipt of the items. In the event of partial shipment, a photocopy should be returned with items received noted. Invoices must be forwarded to Purchasing if the ordering department receives them. The invoice and the purchase order copy indicating the items have been received will be paid in the next scheduled Accounts Payable check run.

Confirming Purchase Order. When placing a confirming purchase order, the ordering department must call the Purchasing Department with the following information:

Vendor name
Dollar amount
Account number to be charged

Purchasing will record the information and issue a purchase order number. The ordering department calls in the order to the vendor, referencing the PO number. The ordering department must then follow up by submitting a "Requisition for Purchase" on the CARS system, and must reference the purchase order number assigned in the "Requisition Comments" on the CARS system. Purchasing then reconciles the submitted requisition to the corresponding PO. A copy of the PO is sent to the ordering department. Confirming purchase orders may also be requested by using a paper Purchase Requisition form (Volume VI).

After items are received, the Goldenrod copy must be forwarded to Purchasing indicating receipt of items. In the event of partial shipment, a photocopy should be returned to the Purchasing Department with the items received marked. Invoices must be forwarded to Purchasing the ordering department receives them. The invoice or the purchase order copy indicating the items have been received will be paid in the next scheduled Accounts Payable check run.

- Blanket Purchase Order.** The ordering department fills out an online “Requisition for Purchase” on the CARS system, specifying that the purchase order is a blanket order. Purchasing types the order and sends the vendor and ordering department appropriate copies. The ordering department gives the vendor the blanket PO number each time an order is placed. In some instances such as at the grocery store, it may be helpful to bring a copy of the blanket PO to the store each time. The vendor invoices the College using the blanket PO number. The department signs off on each invoice as items are received (no PO copy needs to be returned) and sends the invoice to the Purchasing Department for payment. Blanket purchase orders may also be requested by using a paper Purchase Requisition form (Volume VI).

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

- POLICY NO.:** IV-110
- SUBJECT:** Ordering Office Supplies via Central Stores
- SOURCE:** Business Services
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To describe the preferred method of ordering office supplies.
- POLICY:** The College is a member of a purchasing consortium in conjunction with the Associated Colleges of the Twin Cities (ACTC) that has negotiated discounted prices for office supplies. Orders for supplies are placed through the College's Central Stores department with most items available for next-day delivery. All departments are encouraged to use this method when ordering supplies.
- PROCEDURE**
- REFERENCE:** The ordering department places an order using the office supply company's internet site or fills out a "Central Stores Order Form" (See Volume VI), available from Central Stores, and sends both copies of the form to Central Stores. Central Stores places the order, receives it, and delivers it to the ordering department. The yellow copy of the order form or the packing slip is returned to the ordering department with price information. Items ordered from the company are charged to the departments weekly as the company's invoices are paid. Central Stores submits journal entries monthly to Business Services to charge departments for stocked supplies. See Accounting Administration Policy I-010 for additional information regarding journal entries.
- RESPONSIBLE**
- ORGANIZATION:** Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

- POLICY NO.:** IV-120
- SUBJECT:** RPA Transaction Codes for the CARS system
- SOURCE:** CARS Documentation
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To define all RPA transaction codes used in the CARS system.
- POLICY:** The following codes are used to describe different types of transactions in the CARS Requisitioning, Purchasing and Accounts Payable system:
- **RP - Requisition for Purchase.** This code followed by a 6-digit number beginning with “1” is assigned to all online Purchase Requisitions.
 - **RK - Requisition for Check.** This code followed by a 6-digit number beginning with “1” is assigned to all online Check Requisitions.
 - **PP - Purchase Order.** This code followed by a 6-digit number beginning with “3” or “6” is assigned to all one-time use Purchase Orders.
 - **PB - Blanket Purchase Order.** This code followed by a 6-digit number beginning with “4” or “5” is assigned to blanket Purchase Orders. A blanket order is a purchase order issued for multiple purchases up to one year, with a set dollar limit (See Policy IV-100: Purchase Order Procedures for further discussion of blanket purchase orders.
 - **PN - Open Purchase Order.** This code is assigned to all open purchase orders. An open purchase order is used for up to one year without a specified dollar limit.
 - **IV – Invoice.** This code, followed by a 6-digit number beginning with “8” or “9” is assigned to all invoices (not generated by a purchase order) or paper check requisitions paid by Accounts Payable. This is not the vendor’s invoice number, but a system-generated number to identify the transaction. In the case of a payment on a Purchase Order, the record will still

be identified by the purchase order number not the invoice (IV) number.

- CM - Credit Memo. This code is assigned to all credits applied by Accounts Payable.

The following codes are assigned to a purchase order when Purchasing makes amendments to the order. The 6-digit number assigned to the original order will stay the same.

- CP - Change to a PP Purchase Order
- CB - Change to a PB Blanket Purchase Order
- CN - Change to a PN Open Purchase Order

**PROCEDURE
REFERENCE:**

These codes will be used as the purchase requisition or check requisition moves through the CARS system. You can track the progress of an item on your budget by the codes. The codes will appear in the “Doc Rf/no” column in online Budget Review and in the “Document” column of email budget reports. Please reference these numbers when calling Business Services with questions.

**RESPONSIBLE
ORGANIZATION:** Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-130

SUBJECT: Reporting Receipt of Merchandise

SOURCE: Purchasing & Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To ensure that vendors are paid promptly upon receipt of merchandise.

POLICY: So that the College can take advantage of timely payment discounts and maintain good credit status with vendors, departments must notify Purchasing within five (5) business days upon receipt of merchandise to ensure that invoices are paid promptly.

PROCEDURE REFERENCE: The ordering department notifies Purchasing or receipt of merchandise by submitting the goldenrod copy of the purchase order, transmitting an online receiving entry or submitting an invoice. Purchasing will match up the goldenrod PO copy, or the online receiving entry, with the vendor's invoice and promptly schedule the invoice for payment in the next scheduled Accounts Payable check run.

If Purchasing receives an invoice and does not get a receiving document from the department within the week, Purchasing will send a reminder notice to the department. See Purchase Order Procedures Policy IV-100 for additional information.

RESPONSIBLE ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-131

SUBJECT: Damaged, Short, Missing, or Duplicate Shipments

SOURCE: Purchasing & Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To prescribe the method of reporting damages, shortages, duplicate or missing items on incoming shipments.

POLICY: Central Stores (or the ordering department if the package is delivered directly) is responsible for inspecting all incoming shipments for obvious damage. The ordering department is responsible for inspecting for and reporting concealed damage.

Uninsured losses or losses resulting from failure to report damage promptly to the vendor will be borne by the ordering department.

The ordering department is responsible for notifying Purchasing of over shipments and merchandise received but not ordered. The cost of any material retained or used will be borne by the ordering department.

PROCEDURE

REFERENCE: Departments should contact vendors directly as soon as problems such as damaged, short, missing or duplicate items are detected. Purchasing will assist in working with the vendor to rectify the situation when necessary.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-132

SUBJECT: Return of Merchandise

SOURCE: Purchasing & Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To define the method of returning merchandise for credit.

POLICY: Departments desiring to return merchandise to vendors must contact the vendor to secure permission from the vendor and to arrange for the materials to be picked up and returned. If the material delivered is as specified on the purchase order, the vendor is under no obligation to accept the return and may impose a restocking charge. This charge will be the responsibility of the ordering department.

PROCEDURE

REFERENCE: After the merchandise has been returned, departments receiving a credit memo from the vendor for the return of merchandise should forward it to Purchasing with complete information regarding purchase order number and account number to be credited. Accounts Payable will apply this credit memo on the next payment to the vendor and credit the indicated account number. If the credit memo is not used within a reasonable time, Accounts Payable will request a cash refund from the vendor and credit the indicated account number.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-140

SUBJECT: Accounts Payable Schedule

SOURCE: Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To define the schedule for submitting items to Accounts Payable.

POLICY: Accounts Payable produces checks according to a predetermined schedule (generally weekly, but schedule is subject to change). Checks are distributed on Friday. Invoices and purchase order paperwork must be received in the Purchasing Department by Noon on Friday in order to be included in the following week's check run. Online and/or paper check requisitions must be received, fully approved, by Noon on Friday to receive a check the following Friday. Backup receipts for online requisitions must also be received by Noon on Friday.

Holidays and special circumstances may cause Accounts Payable to cancel a check run or change the deadline. These changes will be announced beforehand in the Bulletin and/or to the Business Services email budget report distribution list.

PROCEDURE

REFERENCE: Procedures that provide specific details with regard to this process are maintained by the Business Services Staff.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-141

SUBJECT: Accounts Payable Special Check Guidelines

SOURCE: Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To document when and why Accounts Payable will process manual/special checks.

POLICY: Accounts Payable processes checks once per week. The Accounts Payable Staff understands that circumstances will occasionally warrant the need for payment outside of this time frame. The Accounts Payable Staff will attempt to identify other methods of payment (i.e. purchase order or credit card) to assist faculty and staff. Accounts Payable will write a manual or special check when there is no way the need for the item could have been known at the time of the regular weekly Accounts Payable deadline, an alternate payment method is not available, or the item cannot wait for the next check run. Special checks require 24 hours to process.

PROCEDURE

REFERENCE: Special checks must have approval of a Business Services Director. Once approved, Accounts Payable will manually type a check. The check will be available 24 hours after processing.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-142

SUBJECT: Stop Payment of Accounts Payable Checks

SOURCE: Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To establish when stop payments will be processed for accounts payable checks.

POLICY: The Accounts Payable Department will immediately stop payment on any check that has been reported lost or stolen.

Vendors or departments occasionally request Accounts Payable to stop payment and reissue a check because it has not arrived at the destination. To avoid duplication of payments that are still in the mail, Accounts Payable will not stop payment on these items until at least 10 business days have passed since the date of issue. If the actual check is returned to the Accounts Payable office, a stop payment is not necessary.

After the stop payment has gone into effect (usually 24 hours after requested from the bank) or in the instance a stop payment is not necessary, the item will be voided and reissued according to Policy IV-143: Voiding and Reissuing Accounts Payable Checks.

PROCEDURE

REFERENCE: Procedures that provide specific details with regard to this process are maintained by the Business Services Staff.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.:	IV-143
SUBJECT:	Voiding and Reissuing Accounts Payable Checks
SOURCE:	Business Services
DATE ISSUED:	April 30, 2002
DATE REVISED:	N/A
RATIONALE:	To establish responsibility and authorization to perform each step in the process of voiding and reissuing accounts payable checks.
POLICY:	The Purchasing and Accounts Payable staff determines the reason a check needs to be voided and if the check is to be reissued. If the check is to be reissued they will request the Accounting staff to void the check within 24 hours. If the check is to be voided and the transaction canceled, they will forward the physical check to the Accounting Department to process the void.
PROCEDURE	
REFERENCE:	<p>Purchasing and Accounts Payable Staff will contact the bank to verify whether or not an accounts payable check has cleared the bank. If cleared, they may request a copy of the canceled check. If outstanding, they may request a stop payment be placed on the check. See Policy IV-142: Stop Payment of Accounts Payable Checks for details on when stop payments will be performed.</p> <p>Upon determining the status of the check and the appropriate action to be taken, the Accounts Payable staff will request the Accounting Department to void the check and/or transaction. Procedures that provide specific details with regard to this process are maintained by the Business Services Staff.</p>
RESPONSIBLE	
ORGANIZATION:	Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-145

SUBJECT: Direct Bank Deposit of Accounts Payable for Faculty and Staff

SOURCE: Business Services and Human Resources

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To establish administrative procedures relating to the direct bank deposit of Accounts Payable payments to faculty and staff bank accounts.

POLICY: Macalester College shall provide the service of direct bank deposit of Accounts Payable payments (reimbursement of work-related expenses and cash advances in anticipation of such expenses) on a voluntary basis for all faculty and staff. It shall be the responsibility of each employee to complete the Authorization of Direct Deposit form (See Volume VI) and to give adequate notice for changes in or termination of the account information.

PROCEDURE REFERENCE: Authorization of Direct Deposit form (See Volume VI) and instructions for completing the form are available in the Business Services office. Processing of new direct deposit requests and changes to bank information may take up to two weeks. See Obtaining an Accounts Payable Check via Check Requisition Policy IV-090 for information on requesting payments.

RESPONSIBLE ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-150

SUBJECT: Sales and Use Tax

SOURCE: Business Services
Minnesota Dept. of Revenue Certificate of Exempt Status ST-17

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To define sales and use tax requirements on the payment of goods and services.

POLICY: The College is exempt from the payment of sales and use tax under Minnesota law on purchases, rentals, and leases of merchandise and services to be used in the performance of its educational function.

This exemption does not apply to purchases of meals, lodging, waste collection and disposal services.

PROCEDURE

REFERENCE: In order to take advantage of the College's tax-exempt status whenever possible, items should be ordered on a College Purchase Order or Check Requisition. Most businesses will not and should not allow individuals to buy items directly using the College's tax-exempt status.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.:	IV-160
SUBJECT:	Moving Expense Reimbursement
SOURCE:	Accounts Payable, Payroll
DATE ISSUED:	April 30, 2002
DATE REVISED:	N/A
RATIONALE:	To ensure proper documentation is completed for Payroll to report moving expense reimbursements on employee W-2 forms.
POLICY:	Moving expense reimbursements will be processed only when they are accompanied by an approved Request for Reimbursement of Moving Expenses form (See Volume VI). The form must be completed, signed by the employee, and approved by Human Resources or the Provost.
PROCEDURE REFERENCE:	Accounts Payable will ensure that they have a completed and approved Request for Reimbursement of Moving Expenses form (See Volume VI) before reimbursing employees for moving-related expenses. Accounts Payable will submit a copy of the Request for Reimbursement of Moving Expenses form and copies of all receipts, check requests, and backup documentation to Payroll when the reimbursement payment is made.
RESPONSIBLE ORGANIZATION:	Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

- POLICY NO.:** IV-170
- SUBJECT:** Travel/Cash Advances
- SOURCE:** Business Services
- DATE ISSUED:** April 30, 2002
- DATE REVISED:** N/A
- RATIONALE:** To define the Travel/Cash Advance & reporting process, and to define how Business Services will handle travel advances when an employee does not file a report with receipts to document the expenditure.
- POLICY:** Accounts Payable will issue advances for travel and business-related expenses (See Policy IV-171: Definitions of Reimbursable Travel Expenses). Upon completion of activity/transaction, the original receipts must be submitted with a report to document the transaction. Failure to provide proper documentation will result in the advance payment being reported to the Internal Revenue Service as taxable income to the employee receiving the advance.
- The recipient of an advance must be a current College employee or a qualifying student (see below for requirements for advances to students). Exceptions must be approved by the Vice President for Administration & Treasurer.
- Advances to students must meet the following additional guidelines:
- *The advance is sponsored by a College Department.
 - *The sponsoring Department agrees that they will monitor and collect the report from the student in a **reasonable period of time**. The department budget will be charged if the student does not report.
 - *The student signs a Promissory Note with Business Services, stating that the amount may be added to their Student Account if they do not report in a **reasonable period of time**. (This is in lieu of the IRS W-2 reporting requirement for employees who do not report on their advances.)

**PROCEDURE
REFERENCE:**

Travel/Cash Advance Reporting Procedures

Requests should be submitted using the CARS system online “Requisition for Check” program and marking the item as a travel/cash advance or using the Travel/Cash Advance Request form (See Volume VI). Requisitions will go through the regular approval process (See Policy IV-090: Obtaining an Accounts Payable Check via Check Requisition). Checks will be cut with the next Accounts Payable check run (See Policy IV-140: Accounts Payable Schedule).

Upon completion of travel or the program for which cash was required, the employee must submit a report of the expenses on a Travel Expense Report form (See Volume VI), along with original receipts. The report should clearly itemize receipts and deduct expenses from the amount of the advance. If the entire advance was not spent, remaining cash (or a check) must be returned with the expense report. If the employee spent more than the advance, the report should indicate clearly the additional amount that is due to the employee. The appropriate Line Officer must approve the report with receipts before being sent to the Accounts Payable Department. Additional amounts due to the employee will be processed in the next Accounts Payable check run (See Policy IV-140: Accounts Payable Schedule).

Travel advances should be reported within two (2) weeks of travel completion (see Procedures for Unreported/Unreceipted Travel Advances below). Travel advances also need to be reported in the fiscal year that the travel occurred, thus travel occurring in May need to be reported by the fiscal year end cutoff, approximately June 15. See RPA Fiscal Year End Timeline Policy IV-220.

All travel-related requests, reimbursements and documentation, need to state the business purpose of the travel.

Procedures for Unreported/Unreceipted Travel Advances

The IRS requires that travel be reported on in a reasonable period of time. **Reasonable period of time** according to the IRS depends on the facts and circumstances of the situation but the following will be treated as reasonable period of time: (1) you receive an advance within 30 days of the time you have an expense, (2) you adequately account for your expenses within 60 days after they were paid or incurred, (3) you return any excess reimbursement (any amount you are paid that is more than the business-related expenses that you adequately account for) within 120 days after the

expense was paid or incurred, (4) you are given a statement at least quarterly that asks you to either return or adequately account for outstanding advances *and* you comply within 120 days of the statement.

Business Services reconciles the outstanding travel/cash advances monthly. Persons who have completed travel, but have not submitted an expense report after at least two (2) weeks will be sent a reminder. If the person does not submit the report after the end of the second month, they will receive a second notice with a copy to their supervisor or line officer. At the end of the fourth month, the employee will be notified that if they do not report within the next two (2) weeks the amount of the advance will be reported to Payroll as taxable income to be reported to the Internal Revenue Service on their W-2. Past due advance reports and receipts must be turned in by December 15th or the Payroll Department will be unable to correct the taxable income reported on the W-2 form.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-171
SUBJECT: Definitions of Reimbursable Travel Expenses
SOURCE: Business Services
DATE ISSUED: April 30, 2002
DATE REVISED: June 1, 2004
RATIONALE: To define allowable travel expenditures while on College business.
POLICY: The following are **reimbursable expenditures** related to Macalester College travel:

1. **Transportation.** Employees should seek and engage the least expensive transportation methods that accommodate their travels. Reimbursement for travel by personal automobile will be made at the current IRS Standard Mileage Rate for business miles driven (40.5 cents per mile effective January 1, 2005). See Policy IV-172 Definition of Reimbursable Mileage & Transportation Expenses
2. **Airfare and Saturday stays.** Saturday stays lengthening the travel time away are acceptable if the additional night(s) of lodging lowers the overall (total) travel cost of the trip. The employee should document the options and include the documentation with their travel expense reimbursement report(s).

If a traveler uses frequent flyer miles for travel, they are not entitled to a reimbursement or cash payment equivalent to the fair market value of the miles redeemed.

3. **Transportation to and from an airport.** Employees should seek to engage in the least expensive method of transportation to or from an airport that accommodates their travel schedule. This includes driving their own vehicle and being reimbursed mileage and parking or taking a taxicab or other form of public transportation.
4. **Rental cars.** Macalester has a contract with National Car Rental. Contact the Purchasing Department for details on this plan. Employees should seek to engage the least expensive

rental car option that meets their travel needs. Within the United States, all additional or optional insurance should be waived. Macalester's insurance provides this coverage. Outside the United States, employees are encouraged to accept the additional insurance coverage (based on employee's understanding and discretion). Employee should plan ahead to take advantage of the most cost effective fueling option, either by filling the tank or pay the refueling charge.

5. **Lodging.** Employees should seek the least expensive lodging that accommodates the business purpose of their travels. There is no reimbursement or cash payment to the traveler if they choose to stay in free accommodations (i.e. staying with friends or relatives).
6. **Meals.** Reimbursement is available for employee meals while traveling. Breakfast, brunch, lunch and dinner are allowable, up to three meals per day.
7. **Telephone calls and Internet connections.** While traveling on College business, an employee is allowed one personal, long distance call per day of travel. If related to College business, the employee is allowed to utilize Internet connections in hotel rooms or business centers.
8. **Cellular telephones.** Calls for College related business are reimbursable if they fall outside minutes included in a calling plan. (See Policy IV-085 Cell Phones for College Use.) Personal calls that are not included in a calling plan are not reimbursable and are the traveler's responsibility to pay.
9. **Travel paid by a third party.** If an employee is traveling and a third party (not Macalester) is paying for their travel, Macalester funds should not be used at all. The employee should incur the travel expenses with their personal funds (no travel advance), and be reimbursed by the third party.

The following discretionary expenses are examples of **non-reimbursable expenditures**:

1. Movies. This includes in hotel rooms or at movie theaters.
2. Newspapers, magazines, books
3. Snacks. However, snacks may be substituted for meals if there is a receipt.
4. Health club, fitness centers, massages

5. Entertainment. This includes concerts, plays, museums, etc.
6. Non-business telephone calls and Internet connections. This includes calls and connections not included in the above allowable expenditures.
7. Other, non-essential, discretionary expenditures. This includes everything else not essential to the travel for College purposes.
8. Expenditures for alcoholic beverages are not reimbursable.
9. If a meal is prepaid as part of the cost of lodging or conference registration, and the employee chooses to dine elsewhere, the cost is not reimbursable.

PROCEDURE

REFERENCE:

See Policy IV-170: Travel/Cash Advances for Travel and Cash Advance reporting procedures and procedures for unreported/unreceipted Travel and Cash Advances.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

- POLICY NO.:** IV- 172
- SUBJECT:** Definition of Reimbursable Mileage & Transportation Expenses
- SOURCE:** Business Services and IRS Publication 463
- DATE ISSUED:** June 1, 2004
- DATE REVISED:** N/A
- RATIONALE:** To describe which mileage and transportation expenses are allowable for reimbursement by the College.
- POLICY:** The following mileage and transportation expenses are reimbursable:
- * Getting from one workplace to another in the course of business.
 - * Visiting clients or customers
 - * Going to a business meeting away from your regular workplace
 - * Getting from your home to a *temporary* workplace when you have one or more regular places of work.
 - * Business-related parking fees and tolls when visiting a customer or client.
- Transportation expenses include the cost of transportation by air, rail, bus, taxi, etc and the cost of driving and maintaining your car (which is reflected in the standard mileage reimbursement rate). **Commuting expenses** are not reimbursable.
- Reimbursements that fall under the College's **Accountable Plan** are tax free and not reportable as pay. If Accountable Plan rules are not met, the amount reimbursed must be included by the College in box 1 of your W-2 form.
- Reimbursement for travel by personal automobile will be made at the current IRS Standard Mileage Rate for business miles driven (44.5 cents per mile effective January 1, 2006).
- DEFINITIONS:** **Commuting expenses** are the cost of getting from your home to your regular place of work. You cannot be reimbursed for

commuting expenses no matter how far from home you work, even if you work during the trip.

An **Accountable Plan** is a reimbursement or allowance arrangement that meets all three of the following rules:

- Expenses must have a business connection. You must have paid or incurred the expenses while performing services as an employee of the College.
- You must **adequately account** to the College for the expenses in a **reasonable period of time**.
- You must return any excess reimbursement or allowance within a **reasonable period of time**.

Reasonable period of time according to the IRS depends on the facts and circumstances of the situation but the following will be treated as reasonable period of time: (1) you receive an advance within 30 days of the time you have an expense, (2) you adequately account for your expenses within 60 days after they were paid or incurred, (3) you return any excess reimbursement (any amount you are paid that is more than the business-related expenses that you adequately account for) within 120 days after the expense was paid or incurred, (4) you are given a statement at least quarterly that asks you to either return or adequately account for outstanding advances *and* you comply within 120 days of the statement.

Adequately Account means to give the College a statement of expense, an account book, a diary or similar record in which you entered each expense at or near the time you had it, along with documentary evidence (such as receipts) of your travel, mileage and other employee business expenses. The College requires that travel expenses are documented on a Travel Expense form for reimbursement.

**PROCEDURE
REFERENCE:**

Employees report their expenses to the College on a completed Travel Expense form. The College will reimburse the expenses in the next regularly scheduled Accounts Payable check run. See Policy IV-170 Travel/Cash Advances for more information on Travel Advances and Policy IV-171 Definitions of Reimbursable Travel Expenses for information on other reimbursable travel expenses.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-180

SUBJECT: Gifts and Gratuities

SOURCE: Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To determine the disposition of gifts to the College and to restrict the acceptance of gifts or gratuities from vendors or others doing business with or seeking to do business with the College.

POLICY: **Gifts to the College**
Any gift to the College must be reported to the Development Office for the purposes of acknowledging the gift (See Accounting Administration Policy I-060: Gifts to Macalester College).

Gifts to College Employees

College employees shall not accept or solicit, directly or indirectly, anything of economic value as a gift, gratuity, favor, entertainment, or loan that is or may appear to be designed to influence official conduct in any manner, particularly from a person who is seeking to obtain contractual or other business or financial arrangements with the College. This includes both present and potential suppliers and contractors to the College and agents working on behalf of suppliers and contractors.

Permissible Gifts and Gratuities

College employees may accept from vendors and others:

1. Unsolicited advertising or promotional material such as pens, scratch pads, and calendars.
2. Occasional business lunches or food and refreshments of insignificant value.
3. Other items of nominal or minor value (i.e. a box of candy) that are merely tokens of appreciation and not related to any particular transaction.

PROCEDURE

REFERENCE: See Accounting Administration Policy I-060: Gifts to Macalester College for further discussion of College gifts.

RESPONSIBLE

ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.: IV-190

SUBJECT: Buying for Employees or Outside Entities

SOURCE: Business Services

DATE ISSUED: April 30, 2002

DATE REVISED: N/A

RATIONALE: To prohibit the Purchasing Department from making personal purchases for College employees and for outside entities.

POLICY: The Purchasing Department will neither negotiate for personal purchases for faculty and staff nor request vendors to offer special discounts to faculty and staff. Purchasing will not consider the offer of faculty and staff discounts as a factor in the award of any contract.

The Purchasing Department will not conduct solicitations for non-College entities, except for instances in which a cooperative purchasing agreement with the College exists, or for joint solicitations in which the partners are identified by name in the solicitations.

PROCEDURE REFERENCE: If a vendor offers a discount to faculty and staff members, the Purchasing Department will relay the information to faculty and staff at their request, but any transaction will be the responsibility of the individual. Purchasing will not assist with transactions or solicitations.

RESPONSIBLE ORGANIZATION: Business Services - RPA

**POLICIES RELATED TO REQUISITIONING, PURCHASING
& ACCOUNTS PAYABLE (RPA) ADMINISTRATION**

POLICY NO.:	IV-220
SUBJECT:	RPA Fiscal Year End Timeline
SOURCE:	Business Services
DATE ISSUED:	April 30, 2002
DATE REVISED:	N/A
RATIONALE:	To describe the fiscal year-end cutoff for RPA activities.
POLICY:	See Accounting Administration Policy I-011: Fiscal Year End under Policy and Definitions for discussion of end of fiscal year accrual accounting.
PROCEDURE REFERENCE:	<p>To properly record RPA transactions at fiscal year end by:</p> <ul style="list-style-type: none">• May 15 - All purchase orders should be submitted for items you anticipate receiving before May 31.• May 31 - All goods and services must be received on campus in order to be paid in the current fiscal year ending May 31.• Travel occurring near fiscal year-end or the first few days of the new fiscal year must designate to which year or years the travel expense should be charged. Travel should be charged to the year where the majority of the travel days lie. If more than three days of travel, the expenditures need to be split on a pro-rata basis between years. <p>Departments must submit for payment all invoices for materials and services that are received on or before May 31 as soon as possible after May 31, and prior to the closing dates set by the Accounting Staff.</p> <p>The Accounting Staff will send out a memo to departments in April of each year with notice of the pertinent dates for the fiscal year-end closing.</p> <p>See Accounting Administration Policy I-011: Fiscal Year End for further discussion of year-end procedures.</p>
RESPONSIBLE ORGANIZATION:	Business Services - RPA