Introduction to Purchasing

Katie Cattrell
Training Specialist
Finance Training and Communication
LET’S AGREE TO...

> Be positive and in the present
> Affirm one another
> Be open to different ways of thinking
> Put phones away and on vibrate
> Take urgent calls outside of room
> Recognize our common goals
> Welcome everyone into the discussion
AGENDA

➤ Welcome and Introductions

➤ University Purchasing Roles, Environment, and Processes

➤ Policies and Procedures Related To:
  • Purchasing Card
  • Purchase Order
  • Expense Report

➤ Responsibilities and Obligations as an University Buyer

➤ Online Resources and Tools
# PURCHASING ROLES

## PURCHASING PARTNERS
- Finance Division
- University Contracts Office (UCO)

## SCHOOL/DEPARTMENT
- Administrative Leadership Group (ALG) Member
- Designated Departmental Finance Representative (DDFR)
- Business Manager
- Approvers
- PCard Verifier
- ER Submitter

## UNIVERSITY BUYERS
- Purchasing Card Holder
- Purchase Order Creator
- Business Expense Incurrer
CMU PURCHASING ENVIRONMENT

> Decentralized *but* Supported

> Common Goals

  • Maximize financial resources
  • Protect the university/buyer from risk
  • Ensure compliance with Federal, State and Local laws and regulations
  • Ensure contractual requirements are met with funding sources and suppliers
CMU PURCHASING ENVIRONMENT

POLICIES

- Set boundaries, decision making authority, and governance
- Encompass internal and external requirements

PROCEDURES

- How to meet policy requirements
- Consider Federal and Sponsor obligations, efficiency, and decentralized decision making

CONTROLS

- Prevents individual from “paying” themselves for goods/services
- Demonstrate purchases are approved and consistent with policies
UNIVERSITY PURCHASING PROCESS

IDENTIFY NEED
• Good?
• Service?

MAKE PURCHASE
• PCard
• Purchase Order
• Expense Report

GATHER INFORMATION
• Supplier
• Funding
• Requirements

RECEIVE/VERIFY
• Account Strings (GL/GM)
• Business Justification
• Documentation
IDENTIFY NEED – GOOD VS. SERVICE

A GOOD an item you can see and touch – something that is tangible; contract is not required.

A SERVICE something intangible – an action on the part of the supplier; contract is required.

<table>
<thead>
<tr>
<th>GOOD</th>
<th>SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Office/Lab Supplies</td>
<td>• Caterer/Banquet room</td>
</tr>
<tr>
<td>• Laptop/Projector</td>
<td>• Performer</td>
</tr>
<tr>
<td>• Books</td>
<td>• Consulting</td>
</tr>
<tr>
<td>• Hardware</td>
<td>• Lease of equipment</td>
</tr>
</tbody>
</table>
PURCHASING METHODS - PURCHASING CARD

- Provided to authorized cardholders to make allowable purchases of goods and services
- Assigned dollar limits and MCC restrictions
- Typically utilizes standard terms and conditions of supplier
- Not recommended for large dollar items or services that present significant legal and/or commercial risk
- University sales tax exemption can be used (when applicable) at purchase
- Governed by Carnegie Mellon University Business and Travel Expense Policy, Procurement Policies, and Procurement Manual which includes the Purchasing Card Guidelines
PURCHASING METHODS- PURCHASE ORDER

- Best method for high value and/or high risk purchases and/or those restricted on the purchasing card
- Allow university to pay after goods/services are received
- Governed by underlying contract or the university’s written terms and conditions.
- Allow managers to approve spending prior to its occurrence
- University sales tax exemption can be used (when applicable) at purchase
- Governed by Carnegie Mellon University Business and Travel Expense Policy, Procurement Policies, and Procurement Manual which includes the Purchasing Card Guidelines
PURCHASING METHODS- EXPENSE REPORT

- Used for university travel and/or business expenses
- Allowable expenses may be reimbursed via Expense Report
- University sales tax exemption can **NOT** be used at purchase
- Governed by [Carnegie Mellon University Business and Travel Expense Policy](#)
FINANCE DIVISION: PROCUREMENT SERVICES

Mark Herleman
Spend Manager
markwh@andrew.cmu.edu; 412-268-4390

Contact Us!
Website: http://www.cmu.edu/finance/procurementservices/index.html
Email: procurement-inbox@andrew.cmu.edu

FINANCE DIVISION: PROCUREMENT SERVICES

**COST**
- Reduce the total cost of purchases, while improving overall value to the university.

**COMPLIANCE**
- Ensure that internal policies necessary to demonstrate ethical behavior are in place; that the university is in compliance with internal and external policy and regulatory requirements; and that compliance can be demonstrated.

**EFFICIENCY**
- Establish process excellence that results in faster execution.

**COMMUNICATION**
- Provide training, well thought out processes, and financial information regarding spending. Make purchase agreements accessible.

**CUSTOMER SATISFACTION**
- Measure and respond to the university’s constituents’ satisfaction, as it relates to purchasing.
FINANCE DIVISION: PROCUREMENT SERVICES

PS can assist university buyers throughout the purchasing continuum

- Identify opportunity via analysis of spend data
- Develop strategy based on organizational goals
- Execute strategy with standardized templates
- Manage RFx process
- Analyze results to effectively compare supplier offers
- Contract with the awarded supplier
- Manage supplier relationship
FINANCE DIVISION: PROCUREMENT SERVICES

- Purchasing Policies and Procedures
- Supplier Directory
- Supplier Diversity Information
- CMU Travel Information
  - Preferred Travel Supplier and Booking Information
  - Current Per Diem Rates
UNIVERSITY CONTRACTS OFFICE

Matthew D’Emilio
Director of University Contracts
mdemilio@andrew.cmu.edu; 412-268-4256

Contact Us!
Website:  http://www.cmu.edu/contracts/index.html
Email:    university-contracts@andrew.cmu.edu

Master Service Agreements
Supplier Contracting Guidelines
Click-Through Agreements
University Contracts Office reviews, drafts and executes documents, contracts and licenses related to any CMU business affairs. The UCO will assure that all university and governmental requirements have been met in relation to the business affair and that any other university department, which may have an interest in the business affair, is notified & consulted.

Contact UCO at university-contracts@andrew.cmu.edu
FOREIGN CORRUPT PRACTICES ACT (FCPA)

Prohibits any U.S. person or company (including the university) from the following:

- Direct or indirect bribery to a foreign official to obtain or retain and/or direct business to any person or to secure an improper advantage
- Includes any offer, payment, promise of payment, or authorization of payment of any money, or offer, gift, promise to give or authorization of the giving of anything of value

*Please complete the “U.S. Foreign Corrupt Practices Act – An Overview for Employees of Carnegie Mellon University” course available in FocusU. You may also review the Carnegie Mellon FCPA Guidelines, FAQ’s, and training materials on the General Counsel website at [http://www.cmu.edu/ogc/fcpa/index.html](http://www.cmu.edu/ogc/fcpa/index.html)
### SUPPLIER TYPES

<table>
<thead>
<tr>
<th>Supplier Type</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Campus Suppliers</strong></td>
<td>- Internal suppliers to the university (Computer Store, Bookstore, Dining Services, etc.)</td>
</tr>
<tr>
<td></td>
<td>- No UCO review required unless software is being purchased.</td>
</tr>
<tr>
<td></td>
<td>- May require some form of agreement between the supplier and department.</td>
</tr>
<tr>
<td></td>
<td>- Pay with Oracle account string</td>
</tr>
<tr>
<td><strong>Preferred Suppliers</strong></td>
<td>- Agreed upon pricing and terms and conditions.</td>
</tr>
<tr>
<td></td>
<td>- Established through RFP process conducted by Procurement Services.</td>
</tr>
<tr>
<td></td>
<td>- Additional scope of work may need to be executed through the UCO depending on the services performed.</td>
</tr>
<tr>
<td></td>
<td>- Set-up in Oracle is complete.</td>
</tr>
<tr>
<td></td>
<td>- Can pay with PCard or PO (as allowed by policies)</td>
</tr>
<tr>
<td><strong>Master Services Agreement (MSA) Suppliers</strong></td>
<td>- Agreed upon terms and conditions (not pricing).</td>
</tr>
<tr>
<td></td>
<td>- UCO establishes these relationships.</td>
</tr>
<tr>
<td></td>
<td>- Additional scope of work may need to be executed through the UCO depending on the services performed.</td>
</tr>
<tr>
<td></td>
<td>- Set-up in Oracle is complete.</td>
</tr>
<tr>
<td></td>
<td>- Can pay with PCard or PO (as allowed by policies)</td>
</tr>
<tr>
<td><strong>Discount Suppliers</strong></td>
<td>- Agreed on pricing (not terms and conditions.)</td>
</tr>
<tr>
<td></td>
<td>- Procurement Services establishes these relationships.</td>
</tr>
<tr>
<td></td>
<td>- An agreement through the UCO is required if a service is to be performed.</td>
</tr>
<tr>
<td></td>
<td>- Set-up in Oracle is complete.</td>
</tr>
<tr>
<td></td>
<td>- Can pay with PCard or PO (as allowed by policies)</td>
</tr>
<tr>
<td><strong>General Suppliers</strong></td>
<td>- Requires negotiation of contractual terms, scope, and pricing.</td>
</tr>
<tr>
<td></td>
<td>- Set-up in Oracle is complete (supplier used in last 2 years.)</td>
</tr>
<tr>
<td></td>
<td>- Pay with PO</td>
</tr>
<tr>
<td><strong>New Suppliers</strong></td>
<td>- Requires negotiation of contractual terms, scope and pricing</td>
</tr>
<tr>
<td></td>
<td>- Set up in Oracle NOT complete.</td>
</tr>
<tr>
<td></td>
<td>- Pay with PO (once set up in Oracle)</td>
</tr>
</tbody>
</table>
SUPPLIER INFORMATION

> **Trademark Licensing Suppliers** - Licensing is the process of obtaining legal permission via contract for the right to use someone's trademarks. An individual or company who enters into such an agreement is referred to as a licensee or licensed supplier.

  [http://www.cmu.edu/trademark/suppliers/supplier-list.html](http://www.cmu.edu/trademark/suppliers/supplier-list.html)

> **Online Supplier Directory** - Includes the following types of suppliers:

  - Preferred Suppliers
  - Campus Suppliers
  - Discount Suppliers
  - Master Service Agreements (MSA)

  [https://www.cmu.edu/finance/procurementservices/supplier-directory/index.html](https://www.cmu.edu/finance/procurementservices/supplier-directory/index.html)

> **Click-Through Agreements** - legally binding contracts most commonly used for software, software-as-a-service and registration for use of a website.

  [https://www.cmu.edu/contracts/clickthroughs/restricted-clickthrough/index.html](https://www.cmu.edu/contracts/clickthroughs/restricted-clickthrough/index.html)
SUPPLIER INFORMATION

> Oracle Supplier Database Inquiry (PO)
  • Supplier must be in Oracle before a PO can be created
  • Inquire in Oracle to see if supplier has been setup
  • AP Supplier Inquiry User Guide available at
    https://www.cmu.edu/finance/systems/documentation/files/ap_su_inq_ug.pdf

> New Supplier
  • Supplier Forms and Instructions available at
    https://www.cmu.edu/finance/forms/audience/buyer.html
  • Complete Supplier Information Form - US + W9 or W8
  • Complete Supplier Information Form - International + W9 or W8

> Independent Contractor, Individuals, and Sole Proprietors
  • Independent Contractor Guidelines and Form available at
    https://www.cmu.edu/finance/forms/audience/buyer.html
  • Complete Independent Contractor Checklist Guidelines
  • Complete Independent Contractor Checklist Form + W9
SUPPLIER CONSIDERATIONS

> Think about....
  - Pricing
  - Quality of goods/services
  - Service Terms (delivery, return policy, etc.)
  - “Ease of use” factor
  - Past Performance

> Support CMU & Federal Small Business Goals
  - Research small business status at https://www.sam.gov/portal/public/SAM/
  - Resource listing of diversity suppliers available at
    http://www.cmu.edu/finance/procurementservices/additional/files/potential-subcontractor-resources.pdf
  - Small Businesses used by the university within the last two years available at
    http://www.cmu.edu/finance/procurementservices/additional/index.html
FUNDING SOURCE

FEDERAL FUNDS
(EX. NIH, DOD)

UNIVERSITY FUNDS

SPONSORED FUNDS
(EX. HEINZ ENDOWMENT, GE)
BUYER ACTIONS MATRIX

CMU BUYER ACTIONS MATRIX
UNIVERSITY / SPONSORED (NON-FEDERAL) FUNDS

<table>
<thead>
<tr>
<th>$0 - $5,000</th>
<th>≥ $5,000</th>
<th>≥ $10,000</th>
<th>≥ $50,000</th>
<th>≥ $100,000</th>
<th>≥ $150,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Award Flow Down Requirements (Sponsored Funds Only)</td>
<td>Pricing Verification (Sponsored Funds)</td>
<td>Pricing Verification (University Funds)</td>
<td>Purchasing Checklist &amp; Bid Summary</td>
<td>Purchase Checklist &amp; Bid Summary - Facilities Purchases</td>
<td></td>
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<tr>
<td></td>
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<td></td>
<td>Establishment of Competition / Source Justification - Facilities Purchases</td>
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<td></td>
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<td></td>
<td>COERC/TMS Involvement Required - Facilities Purchases</td>
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<td></td>
<td>Controlled Bid Process</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td>Establishment of Competition / Source Justification - All Purchases</td>
<td></td>
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<td></td>
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<td></td>
<td>Procurement Services Involvement Required</td>
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<td></td>
<td>Price Analysis</td>
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<td></td>
<td>Small Business / Diversity Consideration</td>
<td></td>
</tr>
</tbody>
</table>

https://www.cmu.edu/finance/forms/index.html
BUYER ACTIONS MATRIX

> Use the Buyer Actions Matrix to:
  • Determine the requirements for your university business purchases.
  • Review a general description of the actions listed in the Matrix, along with the corresponding required buyer action(s).

> **Complete any required actions PRIOR to committing to the purchase!**

> Let’s review a few examples:
  • University Funds, Non-Preferred Supplier, $6,500
  • Federal Funds, Non-Preferred Supplier, $13,125
  • Sponsored (non-federal) Funds, Non-Preferred Supplier, $25,394
  • University Funds, Preferred Supplier, $15,500
Completion Required **Prior** to Purchase for:

- $2,500+ with non-preferred suppliers using federal funds
- $5,000+ with non-preferred suppliers using university funds and sponsored (non-federal) funds
- $100,000+ regardless of fund source and supplier

Documents supplier selection; price/cost analysis and any additional negotiations

Keeps CMU in compliance with policy & law requirements

Contact Procurement Services for assistance with the Purchasing Checklist and Bid Summary Form
**PURCHASING CHECKLIST & BID SUMMARY FORM**

> List the three most competitive quotes/proposals solicited and received, including the awarded supplier.

<table>
<thead>
<tr>
<th>Supplier Name</th>
<th>Currency</th>
<th>Terms &amp; Services Price vs. bid</th>
<th>Shipping Cost &amp; FOB Point</th>
<th>Payment and/or Discount Terms</th>
<th>Total Order Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td></td>
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<td></td>
<td>USD</td>
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</tr>
</tbody>
</table>

* 1 A $50 USG at FOB USG/Epck

> FOB Point — “Free on Board”, point where title passes from Seller to Buyer

- Delivered or Destination = less risk
- Origin = more risk, possible discount
- Payment/Discount Terms = Net30

> Explain criteria for supplier selection, attach documentation supporting supplier selection and copies of quotes/proposals

Contact Procurement Services for assistance with the Purchasing Checklist and Bid Summary Form
Complete Price/Cost Analysis (if required)

- Assures the price to be paid for these goods and/or services is fair and reasonable

Use the **Short and Easy Guide to Methods Commonly Used to Determine Price Reasonableness**

- [https://www.cmu.edu/finance/training/systems/files/Determine_Price_Reasonable.pdf](https://www.cmu.edu/finance/training/systems/files/Determine_Price_Reasonable.pdf)

Price or Cost Analysis **MUST** be documented in writing

- **Price Analysis** examines the total price given by the supplier and evaluates whether or not it is fair and reasonable to both parties
- **Cost Analysis** exams the individual cost elements that comprise the total proposed price; labor rates, material costs, overhead, etc.

Contact Procurement Services for assistance with the Purchasing Checklist and Bid Summary Form
Documentation of negotiations is not mandatory, but recommended when using federal funds.

Auditors often look for and favor packages where the university has attempted to negotiate better deals in the name of the government.

When using federal funds for purchases at or over $150,000, FAR Part 19.702 requires that certain types of small business shall have the maximum practicable opportunity to participate in contract performance.

- If none of these types of businesses are solicited, it must be explained why not.
- If solicited and not chosen, it must be explained why not.

Contact Procurement Services for assistance with the Purchasing Checklist and Bid Summary Form.
SALES TAX EXEMPTION

Applicable to all business purchases made directly with CMU funds
- Allowed use only with a PCard or PO
- Provide supplier with exemption number or copy of exemption certificate

NOT applicable to business purchases made with personal funds
- PA Law states that exempt status is not “transferable”
- Transferring could result in the University losing its sales tax exemption status

CMU does pay

- Sales Tax in states where no exemption
- Amusement Tax
- Unrelated business income tax
- Value Added Tax (VAT)
- Potential foreign withholding tax
- Telecommunications tax
- Alcohol Beverage Tax (7%)
- Hotel Occupancy Tax
- Vehicle Rental Tax (PA & Allegheny Tax)
- Sales Tax in states where no exemption

SALES TAX EXEMPTION
FINANCE DIVISION: TAXATION

Christine Moffatt
Director of Taxation and Accounts Payable
moffattc@andrew.cmu.edu; 412-268-9939

Contact Us!
Website: http://www.cmu.edu/finance/taxation/index.html
Email: TaxDept@andrew.cmu.edu

Taxation Polices & Procedures
Amazon Tax Exemption Guidelines
Exemptions in other states
Tax FAQ’s & Answers
MAKING THE PURCHASE

> Identify yourself as a CMU employee
  • Ensure you receive agreed upon pricing
  • Ask for an educational or academic discount with non-preferred suppliers

> Give sales tax exemption number

> Obtain UCO approval
  • Do not sign any contacts, leases, agreements
  • You do not have authority to sign official documents

> Additional components to think about…
  • Installation
  • Warranty
  • Training
  • Maintenance
  • Shipping Costs

> Select the appropriate payment vehicle
  • PCard – provide account information
  • Purchase Order – create in Oracle; then provide an approved PO to supplier
SCENARIOS – GOOD OR SERVICE?

• Dunkin Donuts will deliver and drop off bagels, pastries & drinks for a morning meeting and leave
• Dunkin Donuts will deliver sandwiches, fruit and drinks for an lunchtime meeting. Dunkin Donuts will also set up a serving table, serve the food and drinks, clean up after the meeting

• Go to Staples to make copies of an existing document you created
• Work with Staples to create a document/invitation, they design and make copies

• Purchase a white board from Office Depot and CMU FMS will install the white board
• Purchase a white board from Office Depot and you hire Office Depot to install the white board
RECEIVING AND VERIFYING

> Confirm order was received as expected
  • If damaged; decide whether to *REFUSE* or *ACCEPT* delivery
  • Write “damaged” on signature pad if accepting
  • Contact supplier to report damage

> Compare invoice to order confirmation
  • Ensure items/quantities from confirmation agree to invoice
  • If not, decide whether to *REFUSE* or *ACCEPT* delivery
  • Contact supplier to report discrepancies; make arrangements for re-delivery, if necessary

**TIP!**
Always confirm the invoice reflects agreed upon pricing

**TIP!**
If delivery personnel refuses to wait or you are unable to fully check the delivery, be sure write “unchecked” on the signature pad
RECEIVING AND VERIFYING

> Receiving *Hazardous Materials*
  
  • *MUST* complete *DOT Hazardous Materials Receiving* online training

> Receiving *Compressed Gasses* or *Toxic Gasses*
  
  • *MUST* complete *Compressed Gas and Toxic Gas Procedures* online training

It’s recommended for all personnel who manage chemical inventory to attend the *ChemTracker Version 4 User Introduction* training.

To view all available training through Environmental Health & Safety, please visit [http://www.cmu.edu/ehs/index.html](http://www.cmu.edu/ehs/index.html)
RECEIVING AND VERIFYING

> Handle all Department of Transportation (DOT) packages with care

  • *Never receive a leaking package!* Ask delivery personnel to take it back!

  • If damage or leaking occurs after package is received

    o Move the cylinder or package to a lab hood immediately
    o Contact EH&S at 412-268-8182
    o Evacuate the room
    o Notify the person who ordered the materials/gases
RECEIVING AND VERIFYING

> Purchasing Card
  • Verify transactions in the Oracle Internet Expenses: Procurement Card Application
  • Enter a business justification; scan & attach all required documentation
  • Submit verification report in Oracle for approval
  • Retain original documentation

> Purchase Order
  • Receive goods and/or services in Oracle Purchasing Module
  • Forward invoice to Accounts Payable, if received directly
  • Send Purchasing Checklist & Bid Summary form to Procurement Services, if required
  • Retain packing slips for audit purposes
ADDITIONAL TRAINING

> Purchasing Card

- Purchasing Card (PCard) Training (instructor led)
  - Check with your business office to see if the *Purchasing Card Request Form* has been submitted
  - If verifying PCard transactions, must also complete two online e-learning courses
    - CMU Finance Fundamentals
    - Oracle Internet Expenses – Procurement Card Application

> Purchase Order

- Two online e-learning courses
  - CMU Finance Fundamentals
  - Oracle 101
- Oracle Purchase Order Training (instructor led)

Online training available at [https://www.cmu.edu/finance/training/e-learning/index.html](https://www.cmu.edu/finance/training/e-learning/index.html)

GIFT PURCHASES

Gift cards or non-cash gifts are sometimes given as a gesture of goodwill or appreciation or some other purpose not specifically related to regular job performance

- Gift cards in any amount and tangible gifts in excess of $75 require the university to treat these items as compensation and withhold applicable taxes
  - Complete the Employee or Non-Employee Gift Processing form
  - Send to CMUWorks Service Center (employee) or Taxation (non-employee)

- While university polices may allow for the purchase of gift cards as part of conducting university business, buyers are strongly encouraged to purchase non-cash gifts under the $75 taxable threshold

- University funds should not be used for gifts to individuals for non-work related personal achievements such as weddings, baby showers, birthdays, etc.

Note: All forms must be submitted within 30 days of transaction and scanned/attached to the PRC or ER transaction.
PRIZE AND AWARD PURCHASES

> Prizes and Awards are sometimes given for certain achievements or as a result of chance

- **Cash** prizes and awards, in any amount require
  - Completion of an *Activity Pay in Workday* for employees

- Gift card prizes and awards, **in any amount** require
  - Complete the *Employee Gift Processing form*; send to CMUWorks Service Center
  - Complete the *Non-Employee Prize/Award Form*; send to Taxation

- Non-cash prizes and awards **in excess of $75** require
  - Complete the *Employee Gift Processing form*; send to CMUWorks Service Center
  - Complete the *Non-Employee Prize/Award Form*; send to Taxation

Note: All forms must be submitted within 30 days of transaction and scanned/attached to the PRC or ER transaction.
LENGTH OF SERVICE ACHIEVEMENTS

Gifts for Length of Service Achievements are nontaxable to the recipient if all the following criteria are met:

- Must be tangible personal property
- Must be for 5+ years of service and given no more frequently than every 5 years
- Must be awarded as part of a meaningful presentation
- Must be awarded under conditions/circumstances that do not create a significant likelihood of disguised pay
- Must not exceed $400 in value
BUSINESS AND TRAVEL EXPENSES (BTE)

> General Reminders:

• Governed by Carnegie Mellon University Business and Travel Expense Policy (BTE)

• The university pays for business and travel expenses incurred in connection with university business that are appropriately documented and are in accordance with IRS accountable plan rules. All expenses must have a valid business purpose.

• An individual should neither gain nor lose funds in the course of conducting university business.

• The IRS requires documentary evidence (receipts) for expenses $75+
BUSINESS AND TRAVEL EXPENSES (BTE)

> General Reminders:

• Expenses should be submitted for reimbursement within 30 days of incurring the business expense (non-travel) or completing the trip (travel). Expenses submitted after 90 days are treated as taxable compensation.

• Upgrades and exceptions must be approved by your designated department finance representative (DDFR).

• University sales tax exemption can NOT be used at purchase.

• Departments may elect to impose additional restrictions over expenses beyond those required by the BTE Policy for various business reasons, including budget availability.
RESOURCES

The CMU BTE website (http://www.cmu.edu/finance/controller/bte/index.html) contains many resources, including:

- Policy Training
  - Policy Overview
  - Expense Preparer
  - Expense Approver
- Rates – Mileage and Per Diem
- Tools, Forms, and Resources
- Audit Approach
- FAQ’s
EXPENSE REPORT SUBMISSIONS

> Using the Oracle Internet Expenses – Expense Report Application, a web based system available at https://www.cmu.edu/finance/systems/index.html
  - Can be submitted by the expense incurrer or a designated delegate

> Must complete two e-learning courses to access the application:
  - CMU Finance Fundamentals
  - Expense Reporting Application

> Online training available at https://www.cmu.edu/finance/training/e-learning/index.html
  - Successful completion of certification assessment

> Request the Oracle “IE Expense Report” responsibility through the Online Forms System available on the Financial Systems website
AUDITING SERVICES

Who evaluates how well we implement and manage our policies and procedures?

**FEDERAL AGENCIES**
- ONR – Office of Naval Research
- IRS – Internal Revenue Service

**EXTERNAL AUDITORS**
- PWC - pricewaterhousecoopers

**INTERNAL AUDITORS**
- University Leaders
- University Audit Services
FINANCE DIVISION: UNIVERSITY AUDIT SERVICES

- 3 Primary Activities -
  - Audits
  - Advisory Services
  - Investigations
- Work proactively with campus/management to identify & address financial, operational, and complication risks

Internal Audit

Card Audit Services

- Continually assess & monitor PCard activity for compliance with the Purchasing Card Guidelines
- Issue violations & assess points in accordance with the Purchasing Card Point Violation Program

BTE Audit Services

- Continually assess & monitor Expense Report activity for compliance with the BTE Policy
- Provide ALG members with a spreadsheet of violations monthly
FINANCE DIVISION: UNIVERSITY AUDIT SERVICES

What are auditors looking for?

• Are our documented policies consistent with legal requirements and sound business practice?
• Are we following the procedures and controls that have been implemented?
• Are abiding by policies, procedures and controls consistently and at an acceptable level of quality?
Common Audit Findings

- **Personal Purchases**
  - Missing Receipts or Documentation

- **Inappropriate Charges**
  - Transaction not verified in 30 days

- **Splitting purchases to avoid limits**
  - Use PCard when PO is required

- **Sharing of PCards**
  - Restricted purchases
FINANCE DIVISION: UNIVERSITY AUDIT SERVICES

> What are audit findings?

- Determinations that our policies and procedures are insufficient and do not ensure proper controls

**Potential Consequences**

For the University

- Jeopardizes future funding (federal & sponsored)
- Penalties against University
  - Fines, imprisonment, etc.
  - Externally imposed policy and processes requirements

For the Employee

- Suspension of buyer responsibilities
- Termination of employment
- Legal & financial penalties
REMINDERS

> **Buyer Code of Ethics**

  - It is the responsibility of the university members to work on behalf of the interests of the university and avoid situations that may result in personal benefit or gain to the buyer or others involved in the transaction.

> **Anti-Kickback Clause (FAR 52.203-7)**

  - The purpose of this clause is to inform all university members of their responsibility to act in an ethical manner that delivers the best overall value to the university and not to solicit and/or accept personal gain from any procurement transactions.

[http://www.cmu.edu/finance/procurementservices/policies-procedures/procurement-policy.html](http://www.cmu.edu/finance/procurementservices/policies-procedures/procurement-policy.html)
FINANCE RESOURCES

Finance Division
www.cmu.edu/finance

Procurement Services
www.cmu.edu/finance/procurementservices

Purchasing Card
www.cmu.edu/finance/controller/pcard

Finance Training Materials
www.cmu.edu/finance/training/systems

Monthly Finance Bulletin
https://www.cmu.edu/finance/news
PURCHASING RESOURCES

Purchasing Policies
www.cmu.edu/finance/procurementservices/policies-procedures/procurement-policy.html

Purchasing Manual
www.cmu.edu/finance/procurementservices/policies-procedures/procurement-manual.html

Supplier Directory
www.cmu.edu/finance/procurementservices/supplier-directory/index.html

University Contracts Office
www.cmu.edu/contracts/
BTE RESOURCES

BTE Website
www.cmu.edu/finance/controller/bte/index.html

BTE Policy
www.cmu.edu/finance/controller/bte/files/bte_policy.pdf

FAQ’s
www.cmu.edu/finance/controller/bte/faqs/index.html

Training
www.cmu.edu/finance/controller/bte/training.html
THANK YOU

> Working together can make the purchasing process successful!

> CMU Purchasing is Decentralized *but* Supported

  • Reach out for assistance
  • Remember that Services = Contract needed
  • Check online for latest policy and procedure information
  • Complete additional training requirements if needed
  • Questions