# Methodist University Purchasing Procedures

At Methodist University, purchasing actions are generally conducted by academic and administrative departmental personnel rather than a central purchasing department. Purchasing activities include obligations for ethical behavior, compliance with government regulations, proper transaction documentation and fiscal responsibility.

While not mandated, competitive quotes from vendors handling the same or similar goods and services should be secured whenever possible to ensure the university receives quality merchandise and services at the best value. In all cases where purchases are made in connection with federal grants or other outside funding sources, the purchasing policies and procedures of the funding source **must** be followed (this may include competitive pricing and regulations relating to single source providers).

Once a purchasing need has been determined and approved by an appropriate Vice-President or designated individual with signature approval, the requester has several options for securing a purchase:

1) **Procurement Cards (P-cards)**
   - The procurement card provides a more efficient, cost-effective alternative for departments to make purchases. University employees, who are issued a procurement card, as approved by their respective Vice President, are provided the ability to make purchases on behalf of their department up to the spending limits imposed by the card. Cardholders are expected to make sound business decisions in the best interests of the university, perform their duties competently, and comply with the policies and procedures governing the p-card. The Department head, however, retains ultimate responsibility for purchases with procurement cards and the administration of the program within his or her department. The department head, therefore, is expected to make reasonable efforts to select appropriate employees as cardholders and ensure that these employees use the cards in a proper manner and in compliance with university policies.
   - Unique controls have been developed for the P-Card program that do not exist in a traditional credit card environment. Limits are placed on the cards, as deemed appropriate by the Department head and the Controller, which establish certain restrictions, such as the maximum dollar amount for a single purchase, daily purchases, and monthly maximums. Transactions may not be split to avoid the dollar limitations. Other restrictions placed on P-Cards prevent its use for certain types of purchases (e.g., cash advances, gambling, travel) or types of vendors (e.g., bars, pawnshops, financial and related institutions). These controls help ensure that the card is used only for specific purposes and within specific dollar spending limits.
   - P-card transactions are uploaded daily to suspense accounts within the user's departmental budget. P-card users, or their designated individuals, are required to allocate their monthly charges to the proper general ledger expense and departmental budgets, using the Visa website. This allocation is performed, at a minimum, on a monthly basis.
   - A reconciliation is performed monthly, which includes comparing statement charges to receipts and verifying the legitimacy of all charges. The p-card user and his appropriate approver must sign the p-card statement and submit to the Controller's office for additional review.

2) **Corporate Credit Card**
   - Individuals who are not issued a p-card, or have insufficient limits on their p-card to accommodate a purchase, may secure purchases via the Methodist University Corporate Credit Card. Use of the corporate card requires an approved request that is obtained through the McNet Purchasing System. Approvals for the purchase are obtained through electronic routing of the purchase request through the on-line system, based on departments or projects. Any purchases over $5,000 are routed electronically to the VP for Business Affairs for

approval. Requests causing a department to go over budget will route through additional approvals. Once all appropriate approvals are received, the request is routed electronically to the card custodian.
- The custodian will "load/authorize" the credit card with an appropriate dollar amount of credit needed for the purchase, notify the requester the card is ready for pickup, and subsequently collect itemized receipts for substantiation of the expense from the purchaser upon return of the credit card.
- The custodian allocates all expenses charged on the Corporate Credit Card to the respective departmental budgets and proper general ledger codes based on the purchase request and receipts.
- A monthly reconciliation of the charges to the credit card statement is prepared in the Controller's office.

3) **Purchase Order**
- To initiate a purchase order, the requester must request a P.O. number using the McNet Purchasing system. This system captures the requester's name and department, the vendor being utilized, a brief description of the order, and an estimated cost.
- Approvals for the purchase are obtained through electronic routing of the purchase request through the on-line system, based on departments or projects. Any purchases over $5,000 are routed electronically to the VP for Business Affairs for approval. Requests causing a department to go over budget will route through additional approvals.
- Once all necessary approvals are obtained, a purchase order number is electronically assigned to the request. The requester must provide this purchase order number to the vendor at the time of purchase.
- Upon receipt of merchandise or services, the requester must re-enter the on-line purchase order system and officially receipt the order. With this confirmation of receipt and acceptance, Accounts Payable will match the vendor invoice to the request and receipt and process payment to the vendor.

4) **Check Requests**
- Check requests are to be used in limited situations where there are no alternative means to make the purchase. Check requests are commonly used to pay individuals for services, such as honorariums.
- Check requests for **personal reimbursements** or **advances** are only permitted in emergency situations, and must be submitted within thirty days of making the purchase. Per North Carolina Statute, the University cannot claim a refund of sales taxes for personal reimbursements. Sales tax refunds are only permitted on direct purchases with vendors. Therefore, any personal reimbursements approved will **NOT** include reimbursement for sales tax.
- To initiate a check request, the requester must attach a vendor invoice to a completed Methodist University Check Request form and have their appropriate signature authority approve and submit to the accounts payable department for processing.
- It is the intent of the University to convert to electronic check requests within the McNet Purchasing System in the near future.

5) **Petty Cash** (infrequently used – for small dollar purchases only – generally less than $25)
    - Small dollar items are sometimes reimbursed through petty cash. There are a few departments on campus who maintain petty cash funds whose balances range from $25 to $100. The business office maintains a $1,000 petty cash fund to accommodate all others.