

Procurement Policies and Procedures Updated 2/22/2017

Cost Center/Gift Managers are responsible to ensure that all purchases incurred by their department are made in accordance with the College's purchasing policies and procedures. Therefore, all managers and associates involved in approving purchases should be familiar with the guidelines as set forth in this policy. These policies cover all purchases made by California College of the Arts (i.e. purchases made from operating budgets, grants, endowed funds, etc.).

Objective of the procurement policy:

- to assist the college community with the selection and acquisition of products, equipment and services
- to safeguard the college's assets
- to standardize the way purchases are made college-wide
- to ensure purchases are made from approved vendors
- to ensure that the college receives value for expenditures made
- to prevent unauthorized purchases
- to track and forecast expense budgets

Procurement Methods:

Most procurement should be handled through the purchasing department. It is the purchasing department's responsibility to source new suppliers and maintain the database of approved suppliers. **The following are the college's purchasing methods in order of preference.**

- **Purchase Order**
 - Purchase orders are the preferred method for making purchases of goods and services in the normal course of business of the college.
 - Encumbers funds against departmental budget lines which allows for more accurate and more current budget monitoring
 - Provides authorization to outside vendors to deliver the goods or services to the ordering department
 - Allow direct invoicing to our AP department which produces faster processing and payment to vendors
 - Provides the necessary accounting trail to more efficiently track orders through receipt of goods and payment of invoices
 - Ensures the college meets all federal and state tax reporting requirements
 - Allows for proper tracking of fixed asset acquisitions

- **Payment Request**
 - Should be used infrequently for services only, with the exception of goods needed for emergency repairs
 - Ensures that only approved vendors are being used
 - Allows the college to make payment directly to the vendor
 - Provides a format to ensure purchases are properly authorized and expensed appropriately
 - Ensures the college meets all federal and state tax reporting requirements

- **Purchasing Credit Card:**
 - The function of Purchasing's Credit Card is to pay for goods and services when the above purchasing methods are not available.
- **College Credit Card and Out of Pocket Expense Reimbursement**
 - The college credit card and expense reimbursement is used mainly to pay for travel and entertainment expenses incurred on behalf of the college by a credit card holder or an individual. See [CCA Reimbursement policy](#) for details on allowable and prohibited reimbursements.

Requisition Type Definitions and Usage

- **Goods/Service Purchase:** used for spend with a supplier that invoices the college. These requisitions must be submitted prior to receiving an invoice from the supplier.
 - **Goods Purchase:** Used for all physical goods purchased and shipped to the College. Quotes should be attached to requisitions for goods when appropriate.
 - **Services Purchase:** Used for spend with a supplier that provides a service or "goods" that aren't physically received by the College. For example: contractors, hotels, maintenance providers, catering/food delivery, etc.
 - Service Purchase Requisitions should be submitted as soon as a contract is signed, insertion order, quote/estimate of the cost of the project is known, etc.
 - Contracts are required to be attached to requisitions for all services by project/job that are \$2,000 or greater.
 - See: [Service-agreement contracts](#) and [Independent contractor payments](#) for further guidance
 - When hiring and international : [International hires](#) and [J-1 visa procedures & checklist](#)
 - **Blanket Orders (Open PO's):** Used to for spend with facilities service/maintenance multi year contractors, or suppliers that provide frequent goods or services (ie, various supplies, print services, etc) that can be estimated on an annual basis and don't require a contract.
 - Blanket Order Requisitions must be submitted as a Service Purchase.
- **Speaker Fees:** Used to compensate guest artists or lecturers for presentations given to a group of CCA students, faculty and/or staff.
 - Honoraria agreements are required to be attached for speaker fees greater than \$2,000
 - See [Honorarium agreement template](#) for further guidance.
 - If the honoraria isn't being paid directly to the individual than an invoice from the company is required and should be submitted as a Service Purchase coded to spend category 'Speaker Fees'
 - See **Service Purchase** for guidance if hiring a Non Resident Alien as a speaker
- **Non-Employee Expense Reimbursements:** Used to reimburse travel expenses for non-employee such as guest speakers, employment candidates, etc.
 - As with expense reimbursements each reimbursement should be shown on a separate line. Item Description should include date of expense per receipt, purpose of expense, detailed list of attendees for any entertainment meals.
 - All necessary receipts must be attached to the requisition

- **Request for Payment:** Used for services only that fall into one of the following categories:
 - Spend for emergency repairs and maintenance spend with a supplier the college has an open account with.
 - Spend with a supplier that accepts a check as a form of payment but doesn't invoice such as: dues and memberships, subscriptions, conference registration, non-employee stipends/awards, licence and fees, etc.
 - Spend with a service provider whose services **can't** be estimated such as legal fees and advisory services.
 - An invoice or contract must be attached to the requisition

Submitting a Requisition

- Before you submit any requisition, please verify the following:
 - Funds are available within the budget(s) being charged
 - Any necessary backup documentation is attached
 - You are using the correct requisition type
 - Coding is correct (ie, fund, business unit, cost center, gift, and spend category)
 - Special instructions to the supplier are listed in the Memo field in the requisition header
 - Special instructions to Purchasing are listed in the Internal Memo field in the requisition header
 - Item description has meaningful text (ie, don't use single word descriptives)
- If a supplier is new, a **Supplier Request** must be submitted with a W-9 attached regardless of the payment type. A detailed justification for setting up the supplier including: uniqueness of goods or services provided, frequency of use, annual \$ expected to be spent. Don't enter into a contract or order goods prior to submitting a supplier request as it's the Purchasing Department's prerogative to deny a supplier request if a similar supplier is already used for the goods or services being requested.
- All requisition processing may be delayed if there are insufficient funds in the requested budget or if required information/documentation is missing.
- Business Office standard turnaround on approved requisition is 48 hours.

Procurement FAQ's

Why should I get a PO or Blanket Purchase Order (BPO)?

- Because purchasing sources all of our vendors (campus-wide) and can negotiate better prices (i.e., volume discounts) and payment terms, we request that all goods purchased go through purchasing
- Allows for easier monitoring of budgets by setting aside (encumbering) the funds to be spent
- Allows for easier future reference of order and payment
- Allows vendors who do business for several units to establish a single point of contact at CCA
- Payment is faster

I had a PO set up however I received the invoice should I submit a request for payment requisition to have the invoice paid?

No, if a PO has been set up, submitting a request for payment would duplicate the encumbrance which would skew available funds within a budget. Invoices need to be paid against the PO so 2 way matching can occur on goods and services can be tracked against contracted amounts. Paying invoices against a PO also disencumbers the funds. Please use Payment Requests for non-PO invoices only.

I just got a call from a supplier who hasn't received payment even though I have received all items from my PO. What do I do?

Please have the supplier resubmit the invoice via email to (businessoffice@cca.edu) or fax it to 415-703-9538. Please remind the supplier to reference the PO number on their invoice.

I would like to use a PO; however, the supplier I am in contact with says they do not accept checks?

Contact the purchasing manager who might be able to negotiate payment terms and set up an open account with a vendor. If this is not possible, the purchasing manager can assist in finding a vendor who will provide the same type of service/goods and uses PO's.

My BPO has negative funds. What should I do?

You can add funds to your existing BPO by filling out a new Goods/Service Purchase Requisition. Please reference the BPO number and the amount to be added and submit.

I have funds in my PO/BPO that I did not use, what can I do?

You can request to have the PO/BPO be disencumbered by emailing the Assistant Director of Business and Finance; please provide the PO/BPO number to disencumber as well as a short explanation on why you did not use the funds.

What if my supplier doesn't reference my PO/BPO number on his/her invoice?

This could delay payment to the supplier. If Accounts Payable receives an invoice and cannot tie it back to a person or department then it will need to be researched as time permits.

I submitted a payment request a week ago, why hasn't it been paid yet?

Unless the invoice states "due upon receipt," most vendors have 30-day terms. Even though your invoice is processed, a check will not be generated until a week prior to the due date. If a vendor does not specify terms, we assume a 30-day payment term. See below for payment schedules:

- Payment Requests are paid on vendor terms
- Expense reimbursements are paid upon receipt
- Honoraria are paid upon receipt
- Non-Employee Expense Reimbursements are paid upon receipt

Regardless of the request, you must provide the current address. Since we often run into instances where the address information has to be verified or updated, we cannot accept "on file".

What is a W9 and why is one needed to pay a vendor?

A W-9 is a form issued by the IRS that verifies the tax status of a person or company doing business. In order to make a payment to a business or person through the AP system, a W-9 is required to be on file. IRS reporting rules are constantly in flux and payments to a person or vendor that may not be reportable now could be in the future.

When is the deadline to turn a payment request for it to cut in the next check run?

All approved payment requests or supplier invoices to be paid against an existing PO received by 4:30p.m. Friday will be processed and eligible payment, terms permitting, in the weekly check run usually processed on Wednesday. Checks will be mailed directly to the payee

I have a new vendor who requires prepayment or a deposit. Is this ok?

This is not permitted unless one of the following exceptions applies and is approved in advance by the Business and Finance Office:

- Deposits for rented facilities and special events
- Pre-payment for cost of materials for furniture and fixtures

As a reminder, all new vendors should be sourced by Purchasing for pricing and terms, and the Business and Finance Office should be consulted prior to agreeing to any specific arrangements with the vendor.

What if I do not have enough funds in a budget line?

For expenditures within a given program code, as long as you have sufficient funds in your overall budget, you do not need to transfer funds from one budget line to another. If you do need to transfer funds to accommodate an expenditure that would hit a different program code, please e-mail the Assistant Director of Business & Finance to request a budget transfer. Please provide the following:

- Amount to transfer
- From specific budget line
- To specific budget line
- If the amount is greater than \$2500, please provide the reason for transfer

Who do I contact if I need to reclassify an expense that was coded to the wrong budget line? Please email the Accountant in the Business & Finance Office with a short explanation and provide the following:

- Voucher Number
- Vendor Name
- Amount to reclass
- From budget line
- To budget line

How do I pay an international vendor?

Wire Transfers are available for use to pay international vendors. A wire transfer is submitted using the appropriate AP form (check request form, honoraria form, etc.), noting clearly on the top that it is a Wire Transfer. You will still provide all the necessary information on the form and include the following:

- Bank Name
- Bank Address
- Name and Address of Account Holder
- Bank Account Number
- SWIFT/BIC #
- IBAN #, where applicable

Wire transfers can be submitted to A/P and will be processed using the same timeline as for checks. Please remember there is a significant fee for each wire transfer; therefore, requests for Wire Transfers should not be less than \$150.