

**The University of Montana-Missoula**  
**PURCHASING/PAYABLES GUIDELINES**

**"THE TOOL KIT"**

**Making Things Simple One Process at a Time**

# PURCHASING/PAYABLES GUIDELINES

## "THE TOOL KIT"

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Business Services Web Site Address: <http://www.umt.edu/bussrvcs>

# INTRODUCTION

This “Tool Kit” is provided as a reference for your Purchasing and Accounts Payable activities. From Petty Cash purchases through the development of complex purchasing documents such as a Request for Proposal (RFP), the “Tool Kit” provides "how to" information for your daily use.

The Department of Administration (DOA), State of Montana, is responsible for purchasing directly or establishing policies and procedures for purchasing all goods and services for State Agencies. DOA's Procurement and Printing Division has delegated purchasing authority for review or decision making to the Commissioner of Higher Education and the units of the Montana University System. Business Services – Purchasing provides a centralized purchasing service to assist the campus community in procuring goods and services within the guidelines established by the DOA.

Business Services - Purchasing and Accounts Payable personnel are available to assist you in your purchasing and payment processes. Many of your questions will be answered by using the information provided in this Tool Kit. Should you need further assistance, please contact Business Services. Inquiries regarding services are always welcome.

## Services provided by Business Services - Purchasing/Accounts Payable

- Assist departments in making purchases of goods or services by providing the following:
  - Pricing information and catalogs
  - Develop specifications to ensure fair competition and user satisfaction
  - Search out new products
  - Arrange for product demonstrations
  - Provide council and assistance in the selection of merchandise and services
  - Assist with Banner Training and purchasing forms
  - Provide follow-up upon your request
- Provide UM Purchasing Cards (Visa) for the ease of purchasing
- Provide information on and establish lease/purchase, rental and financing agreements
- Prepare Invitation for Bid (IFB), Requests For Proposal (RFP), and Requests For Information (RFI)
- Maintain purchasing records and handle federal DBE reporting requirements
- Coordinate with the State Purchasing Bureau for purchases required to be processed through the Bureau
- Assist campus departments by providing Banner Training on how to process payments to vendors
- Assist departments and employees by providing information on travel guidelines and reimbursements
- Coordinate payments to UM vendors with campus Departments via Banner Finance
- Process all reimbursements to employees
- Answer and research questions for campus departments and vendors
- Coordinate maintenance of the University payment records and documentation
- Process 1099 Miscellaneous Tax forms 1042 Foreign Alien Tax forms and W2-G Tax forms

# PURCHASING AND PAYMENT TOOLS

Type	Amount	Procedure	Forms Where – What
Petty Cash	Up to \$50	Petty cash is a method of paying cash for minor purchases of \$50 or less. To be reimbursed, the original receipt and Petty Cash Voucher can be taken to your departmental office or to Business Services – Treasury.	Business Services Website  Petty Cash Voucher
UM Pro Card	Up to \$15,000 (Limited Solicitation Required over \$5,000)	The UM Pro Card is a Visa card that can be used as a form of payment. Cards are issued to individual employees who submit an application to the Procard Administrator.	Business Services Website  New Application Form
Direct Pay Invoice	Up to \$5,000	A Direct Pay Invoice is the procedure for purchasing supplies without establishing a purchase order. Payment results from an invoice being entered into Banner by the department upon receipt of goods and submission of an original invoice. The invoice is maintained in the department for future reviews.	Banner Finance  Banner: JAAINVE
Purchase Order	\$0 to \$5,000	A PO is used for purchases by departments up to \$5000 when the vendor requires a PO number. Payment is initiated when AP enters the Regular Pay Invoice into Banner and electronically forwards the invoice to department for approval. (Approvals act as the receiver.) The invoice is forwarded to the department for retention.	Banner Finance  Banner: FPAPURR JAAINVE
Limited Solicitation Form	\$5,000 to \$15,000	Limited Solicitation forms are completed by the department upon being trained and authorized. The department solicits documented written or verbal bids from at least three (3) vendors before placing the order with PO. Payment is initiated when AP enters the Regular Pay Invoice into Banner and electronically forwards invoice to department for approval. (Approval acts as the receiver.) The limited Solicitation documents are attached to the PO and retained in the department. The invoice is forwarded to the department for document retention. Forms are available on the Business Services Web Site.	Business Services Website  Limited Solicitation Form Banner: FPAPURR JAAINVE
Direct Pay Invoices for Exempt Items	\$5,000 to \$15,000	This is the payment method used for purchases that are exempt from purchasing requirements. Payment results when a Direct Pay Invoice is entered into Banner by the department upon receipt of goods and submission of an original invoice. The invoice is maintained in the department. A copy of the invoice must be sent to the Accounts Payable Manager for approval in the Banner Finance System. A copy of the Invoice must be faxed to 243-2529 for approval.	BANNER:JAAINVE
Requisition (RX)	NOT LIMIT	A Requisition is normally used for purchases over \$15,000, but for <b>all</b> Independent Contracts over \$5,000, and certain Special Requirement Items. Requisitions are entered into Banner by the department and electronically transferred to Purchasing or a printed copy of the Banner Requisition is forwarded to Purchasing with additional specifications and documentation. Purchasing bids the commodity and issues a PO. Payment is initiated when the invoice is entered into Banner by AP and is approved electronically by the department. The Invoice is forwarded to the department for retention.	Banner: FPAREQN FPAPURR JAAINVE
Guest Speaker/Program Participant/Non-Employee Reimbursement Form	Up to \$2,000	This method is used for payment to individuals who present or participate in University sponsored functions. Payment is initiated when appropriate documentation is received in Accounts Payable and is processed in Banner Finance as a Direct Pay Invoice. <b>(Note: Foreign Aliens must have their Visa type approved by Business Services – prior to any service taking place.)</b>	Business Services Website Guest Speaker/ Program Participant/Non- Employee Reimbursement Form
Contracted Service Agreement		The CSA is used to establish a contract with an Independent Contractor meeting Checklist Requirements. Payment is initiated when appropriate documentation is received in Accounts Payable and is processed in Banner Finance as a Direct Pay Invoice.	Business Services Website  Contract Services Agreement

# PURCHASING BASICS

## LEVELS OF PURCHASING AUTHORITY

Departments have authority to make purchases up to \$5,000 without requesting bids. The Limited Solicitation Form is to be completed for purchases between \$5,000 and \$15,000. Exceptions to department's authority may apply to Special Requirement Items and Contracted Services that do not meet all conditions listed on the Contracted Services Checklist.

The State of Montana Purchasing Bureau	Over	\$250,000.00
The University of Montana - Business Services - Purchasing	Up to	\$250,000.00
The University of Montana - All departments (bids required)	Up to	\$ 15,000.00
The University of Montana - All departments (no bids required)	Up to	\$ 5,000.00

Purchases made with a Purchase Order are completed when the invoice is received by Campus Services is entered into Banner and electronically approved by the department. All invoices for PO purchases are forwarded to the department for retention. (3 Years)

## SPECIAL REQUIREMENT ITEMS

### DEFINITIONS

*Requisition Time Schedule Items* - those items purchased in volume to receive the best pricing available. Examples are: Service/Maintenance Agreements, Custodial Floor Care Products, Janitorial Contracts, Elevator Maintenance, Gasoline and Fuel Oil, Propane Gas, Can Liners, Automobiles, and Trucks.

*Term Contracts* - contracts issued by the State or University for purchase of selected items at a contracted price. The vendor may be an exclusive provider of the selected items. Contact Purchasing for current term contract listings.

### **State:**

- Helena Central Stores
  - Purchases may to be made through Helena Central Stores for items such as office supplies and software. The UM Pro Card may be used to pay for the products or the department's Index Code must be referenced when placing the order. Catalogs are available from Central Stores at 444-4514 or Purchasing.
- Requisition Time Schedule Items
  - Schedules are sent to departments annually in January, listing items and times. A Requisition is required for a purchase.
- State Term Contracts
  - Contract lists are sent to departments semi-annually. Includes items such as cellular phones, furniture, computers, copiers, fax machines, etc.
- Printing
  - Includes graphic art or printing done off campus. A Requisition is required for these purchases. No restrictions apply when these services are done on campus with Printing & Graphic Services. No restrictions apply to photocopying.
- Filing Systems (file cabinets not included)
  - Submit a Requisition to Purchasing to be forwarded to State.
- State Term Contract item purchases in excess of \$15,000 per purchase are to be submitted on an RX to Purchasing.
- State Term Contract computer items under \$15,000 that are purchased on a Purchase Order issued by a department must be accompanied by a written quote from the vendor.

## UM:

- Items to be purchased through Chemistry Stores
  - Laboratory grade ethyl alcohol
  - Compressed Cylinder Gas
  - Laboratory Chemicals & Supplies
- Controlled Substances
  - Submit on a Requisition to Purchasing accompanied by a copy of the Drug Enforcement Administration (DEA) issued license.
- Radioactive Materials
  - The department initiates an order on-line with Environmental Health and payment is initiated with the UM Pro Card via Environmental Health. Environmental Health monitors all purchases.
- Term Contracts
  - Reference the Term Contract number in the Text form of the Banner Direct or Regular Pay Invoices.
- Capital Purchases from Grant Funds
  - Complete a Sponsored Project Equipment Request and Equipment Screening Certificate (RA - 103) for Capital purchases over \$10,000.
- Construction, Remodeling, Repair, Renovations, and Electrical Equipment Purchases
  - Submit to Planning & Construction.
- Telephone Equipment
  - Submit requests to Telephone Services approval; except cellular phones, which are on a term contract.
- Multiple Purchases
  - Commodities will not be artificially divided or sequenced to avoid using competitive bid selection as required by regulation.
- Purchases from Staff
  - No purchases are made from employees. However, when an item cannot be obtained elsewhere or a one-time purchase would have obvious advantage for the University, the department may request a waiver. Written requests are to be submitted to Purchasing for review and approval.

## SPECIAL CIRCUMSTANCES

Some purchases may be made under special circumstances and require additional documentation to assist the purchasing staff in ensuring all local, state, and federal regulations are met. Forms for the following situations and assistance in their completion are available from Purchasing.

Form	Purpose & Procedure
<b>Emergency Purchase Justification</b>	For purchases over \$15,000 due to a sudden and unexpected happening or unforeseen occurrence or condition which requires immediate action and exceeds the departments purchasing authority. Requires that an explanatory memorandum or an emergency Purchase Justification form be completed and submitted with the purchase requisition.
<b>Sole Brand/Source Justification</b>	For purchases of merchandise or services over \$5,000 required from a single supplier or a specific product/brand. An explanatory memorandum or a Sole Brand/Source Justification form must be submitted to Purchasing for approval <b>prior</b> to a Limited Solicitation or with the purchase requisition.
<b>Used Equipment Justification</b>	For purchase of used merchandise or a demo model over \$15,000. An explanatory memorandum or a Used Equipment Justification form must be submitted for approval <b>prior</b> to a Limited Solicitation process or with the purchase requisition.
<b>Lease/Rental Agreements</b>	For lease/purchase of large items such as computers, copiers, and other equipment or for rental of equipment for more than <b>30 days</b> . Submit a requisition to <b>Purchasing</b> requesting lease/rental agreements. If you are considering Inter-cap financing, contact <b>Accounting Services</b> prior to making the purchase. (No dollar limit)

All special circumstance justification forms must be completed and approved by Business Services - Purchasing **prior** to the product being bid. **All justifications must be pre-approved before Limited Solicitation may take place by the department.**

## ITEMS EXEMPT FROM PURCHASING REQUIREMENTS

The items listed below may be purchased without purchasing documentation. An original invoice and a Direct Pay Invoice entered into Banner Finance initiates payment.

Exempt items include:

- Advertising (third-party publication, i.e. newspapers, magazines, radio ads, etc.)
- Boiler, safety, and scale inspections
- Commodities for entertainment purposes. An entertainment approval form is required for \$30 or more or if alcohol is included
- Computer charges
- Copy charges by the page of copyrighted sheet music
- Copyrighted films/videotapes: IMS approval for cataloging purposes
- Correspondence courses and tests: i.e. ACT, SAT
- Dues to regional and national associations: some restrictions apply, (see Montana Operations Manual, Volume 1, Section 4, Management Memo #1-88-4-5)
- Fees and royalties
- Freight, express & drayage
- Insurance: requests to purchase insurance must be submitted in writing to Manager, Administrative Service, Facilities Services
- Postage, box rent, and standard Post Office customer charges
- Produce
- Public utility charges: water, natural gas, electricity and cable TV
- Reprints
- Subscriptions, books, publications, Associated Press fees, and maps
- Taxes and licenses: this does not include software licenses
- Telecommunications charges
- Telegrams, FAX, wire service, and other message services
- Telephone rental, tolls, and installation
- Travel and per diem: see Travel Guidelines

## TOOLS USED BY PURCHASING TO PROVIDE SERVICE TO DEPARTMENTS

Purchasing is available to develop more complex purchasing documentation for departments as the need arises. Following are examples of the more frequently requested services:

**Invitation for Bid - (IFB)** an IFB is prepared for all purchases that exceed \$15,000. This ensures an equitable use of a variety of vendors for goods purchased for The University of Montana.

Although some purchase requests are accompanied by Sole Source Justifications, the IFB is generated to ensure a vendor's acceptance of our terms and conditions for the purchase of goods or services and to obtain firm pricing.

The IFB also ensures that the University is obtaining the best possible price for the items requested by departments. The buyer works closely with the requesting department to provide them with the goods they desire at the best price and still maintain the desired quality.

**Request for Proposal - (RFP)** the RFP is prepared for goods and services that are of a complex nature; and for which price is not the only factor to be considered in the evaluation criteria.

The RFP fully defines what is expected of the vendor/contractor, requires the vendor/contractor to describe how they will accomplish the delivery of goods or services, and what the vendor will require of the University.

**Request for Information - (RFI)** the RFI is done to gain further information for a concept the University wishes to develop. The RFI provides the University with information on specifications for desired projects or goods.

## HINTS FOR DEALING WITH VENDORS

Here are some helpful hints when dealing with vendors as you check on prices, complete Limited Solicitations or place orders and follow them through to completion.

- Feel free to discuss your requirements - however, do not make a firm commitment during your inquiry discussions.
- **Do not sign a vendor's contract or agreement.** Contact Campus Services to have someone review any terms and conditions you receive. We will review the terms and conditions to ensure your interests and those of the University are protected.
- Contact Purchasing if you have any problems with suppliers, their product or their performance.
- Acceptance of gratuities from a supplier or potential supplier should be avoided. This may appear as favoritism to other entities. Vendors wishing to give you free "advice" should know that receiving the advice will not create a commitment by the University to purchase goods or services from them.
- Be sure your specifications are complete and are presented the same to all vendors. This ensures that each vendor is treated the same and that you will receive the product or service you desire. This is extremely important with the Limited Solicitations for goods between \$5,000 and \$15,000. Each solicited vendor **must** bid on the exact same item(s).
- Contact Business Services if you have any questions as to what documentation is required to make your purchase. Do not use "advice" from vendors as to UM procedure.
- Direct vendors to Accounts Payable Manager, x4935, for any requests for Credit Applications or Federal Identification Numbers.

## ETHICAL CONSIDERATIONS

As a publicly supported institution, we assume a fiduciary responsibility to insure that all purchases are conducted in an open and forthright manner, without favoritism, above reproach, and not subject to accusations of impropriety.

Employees may not solicit or accept gifts, gratuities, favors, or items of monetary value from contractors, parties to sub-agreements, or persons/individuals known to have an actual or future business involvement with the University. In no case may any gift of any nature, which may influence a purchase, be accepted.

Following is a quick reference to actions that may be considered to be in conflict with the ethical activity of the University departments:

<b>Classification</b>	<b>Actions</b>
Gifts & Gratuities	Passes or tickets to recreational or entertainment events. Consumable goods (food, beverages, tobacco or other products).
Promotional Merchandise	Coupons, Certificates good for discounts or free merchandise or services. Exceptions: items of insignificant value (\$50 or less) - pencils, note pads, calendars or items won at a drawing at conferences/seminars offered by or on behalf of public agencies or employees.
Discounts	Discounts offered to the University are not for personal use of employees - unless, it is offered to all public employees.
Trips	Expense paid trips offered by existing or known future contractors.
Evaluation/Selection /Award Recommendation	Anyone having an existing or known future employment or financial interest with a bidding vendor may not be involved in the selection process.

Any gift or gratuity received by a University employee should be returned to the vendor as soon as possible. The employee will report the receipt and return of goods in writing to his or her department head. Anonymously donated gifts or other goods are to be turned over to the Director of Business Services. Cash gifts will be placed in the University General Fund. Non-cash gifts will be assigned to a University department to offset the need for a similar purchase or sold at the next public auction when the University can not use the item.

# HOW TO MAKE YOUR PURCHASES

## PETTY CASH

Petty cash is a method of paying cash for minor purchases of \$50 or less. Personal funds or departmental petty cash funds are used.

- Purchaser must have departmental approval prior to purchase.
- \$50 limit per vendor transaction.
- Petty cash can not be used for loans, compensation, contracted services, travel costs, entertainment costs, or to purchase commodities identified on the Special Requirement Items listing.

### Petty Cash Procedures

1. Complete Petty Cash Voucher within thirty (30) days of purchase.
  - “Paid To” is your name
  - Current date
  - Total amount to be reimbursed to you
  - Purpose of reimbursement
  - Departmental name
  - Signature of department person authorized to approve expenditure of funds
  - Your signature as “Payee”
2. Attach the original/itemized receipt to the completed Petty Cash Voucher. Departmental funds are reimbursed by presenting a Petty Cash Voucher Summary to the Business Services Treasury area.
3. If not using a Department Petty Cash Fund, take the Petty Cash Voucher to the Treasury area in Business Services to receive reimbursement. Picture identification is required.

Treasury Window Hours: 9:00 am to 4:00 pm

# UM PRO CARD (PURCHASING CARD)

The UM Pro Card may be used with any vendor that accepts MasterCard. It may be used in place of Petty Cash, Direct Pay Invoices, or a Purchase Order for purchases totaling \$5,000 or less.

- Cards are issued to individual employees of the University. The cardholder is the only one authorized to use the UM Pro Card issued in their name. The card is valid for three years and is automatically renewed.
- University Purchasing and UM Pro Card Guidelines apply to all purchases made using the UM Pro Card. Departments determine their individual cardholders as well as the dollar limits for each transaction and a monthly limit.
- The department administers the redistribution of charges, (expensing to different Index Codes and Accounts) if any, prior to all transactions being electronically applied to the Banner Finance ledgers once a month.
- All participating departments must have access to the University network connections.
- Common uses are: cell phone bills, direct phone lines, University Bookstore, Central Stores, conference registrations, airline tickets, subscriptions, memberships, general expense items such as office supplies and lab supplies.
- Charges **NOT** allowed: Food when traveling and Contracted Services.
- Limited Solicitation for goods costing between \$5,001 and \$15,000 must be approved by Purchasing prior to the purchase being made with the UM Pro Card.

Further information regarding the UM Pro Card is available on the Business Services Website - Procard Policies and Procedures.

# DIRECT PAY INVOICES

## (\$5000 AND UNDER)

A Direct Pay Invoice is for purchasing supplies and services up to \$5,000.

- Purchases must comply with Purchasing Guidelines for Special Requirement Items.
- Items such as utilities, books, magazine subscriptions, memberships and office supplies are a few examples of expenses that can be processed as a Direct Pay Invoice.
- **A Direct Pay Invoice can not be used for travel, entertainment, or contracted services.**
- Multiple Direct Pay Invoices are not to be used to make a purchase in excess of \$5,000.

Direct Pay Invoice Procedures:

1. Receive merchandise.
2. Upon receipt of the original invoice enter required information for payment into Banner Finance via JAAINVE.
3. Electronic approvals take place at the department, Grant and Accounts Payable level.
4. Maintain the original/itemized invoice in the department. (See Banner Training Manual for step by step instructions.)
5. Purchases will be reviewed for compliance with Purchasing Guidelines randomly.

# PURCHASE ORDER (\$0 to \$15,000)

The department may initiate Purchase Orders for purchases between \$0 and \$15,000. The Purchase Orders for goods between \$0 and \$5,000 should be issued only when required by the vendor. The department, only upon completion of Limited Solicitation Training may issue a Purchase Order for goods between \$5,001 and \$15,000.

- All Purchasing Guidelines regulating purchases must be followed. The department may issue a Purchase Order for Special Requirement items when appropriate signatures are obtained.
- Limited Solicitation process must be used for purchases made by the department between \$5,001 and \$15,000.
- The department prepares the Limited Solicitation form and maintains the original documentation in the department upon issuing a Purchase Order via Banner Finance. The department forwards a copy of all documentation including the PO to Campus Services to verify policy compliance.

Preparing the Limited Solicitation form:

- Formal written or oral quotes must be solicited and received from **at least** three (3) vendors prior to any purchase
- The department is responsible for awarding the bid to the lowest responsible bidder by issuance of a Purchase Order via Banner Finance.
- Exceptions to the Limited Solicitation process such as awarding to other than the lowest responsible bidder, or sole source purchases (see page 6), must be approved by Campus Services prior to issuance of a Purchase Order(s). A copy of all documentation for sole source purchases, including the resulting PO must be submitted to Campus Services to verify policy compliance.

Preparing the Purchase Order:

- The user enters a Purchase Order into Banner Finance via FPAPURR. (See Banner Training Manual for step by step instructions.)

Departments are responsible for all follow-up work on Purchase Order. If a disagreement between the vendor and the department occurs, the Campus Service staff will intercede on behalf of the department to obtain a just settlement, when requested.

Complete directions for completing the Limited Solicitation form are found on Business Services Web Site. Assistance is available by contacting Campus Services, x2521.

# **DIRECT PAY INVOICE**

## **(UP TO \$15,000 FOR EXEMPT ITEMS)**

A Direct Pay Invoice is used for initiating payment for purchases up to \$15,000 when other purchasing documentation is not required.

- Purchases must comply with Purchasing Guidelines for Special Requirement Items. (See page 6)
- **Direct Pay Invoices may not be used for travel, entertainment, or contracted services.**
- The department enters Direct Pay Invoices into Banner Finance via JAAINVE. (See Banner Training Manual for step by step instructions.)

Direct Pay Invoice Procedures for purchases of Exempt Items:

1. Receive merchandise.
2. Upon receipt of the original invoice enter required information for payment into Banner Finance via JAAINVE.
3. Electronic approvals take place at the department, Grant and Accounts Payable level. A copy of approved invoices must be faxed to 243-2529 for secondary approval.
4. Maintain the original/itemized invoice in the department. (See Banner Training Manual for step by step instructions.)
5. Purchases will be reviewed for compliance with Purchasing Guidelines randomly.

# REQUISITION

A Requisition is a request to Purchasing for the purchase of goods or services for departments. The Requisition is used for all purchases over \$15,000, Contracted Services over \$5,000, certain Special Requirement Items, and any other appropriate purchase as determined by the department.

- The department enters the Requisition into Banner Finance via FPAREQN completes a screen print and forwards it to Purchasing with any additional specification where a Bid is issued and Purchase Order generated via Banner Finance. (See Banner Training Manual for step by step instructions.)
- Four to six weeks should be allowed for complete processing of a Requisition that includes the bidding process, awarding of bid, and receipt of goods.
- An Invitation for Bid is required for all goods or services in excess of \$15,000. Purchasing will bid items for under \$15,000 if requested by the department.
- Most goods are received through Central Receiving and any damage, shortage, or overage in the shipment is to be reported immediately to x6151.

To Complete Requisition Form:

1. The Department enters the Requisition into Banner Finance via FPAREQN.
2. The Department completes the Requisition and forwards a copy of the Banner Finance Requisition attached to any additional specifications to Purchasing. (See Banner Training Manual for step by step instructions.)
3. Purchasing completes Bid process and generates a Purchase Order for the vendor in Banner Finance via FPAPURR.
4. Receive merchandise.
5. Accounts Payable receives original/itemized invoice and enters into Banner Finance via JAAINVE as a Regular Pay Invoice. Accounts Payable forwards invoices to department for retention.
6. Department enters approval of invoice into Banner Finance via Approval Ques. The department acknowledges receipt of goods by completing the Approval Que.

All documents related to the Requisition, including the Purchase Order and Original /Itemized Invoice are to be maintained in the department for review. Assistance in completing a Requisition is available by contacting Purchasing.

# MISCELLANEOUS

## INTERDEPARTMENTAL PURCHASE (Sales and Services)

An interdepartmental purchase is the purchase of goods and services from another campus department. The payment is transferred internally between the buying and selling departments by entering the information into Banner or completing a Journal Voucher (JV).

- The department making the purchase must provide accurate Index Codes and Account Codes to the selling department.
- The department making the purchase should track transactions through to their on line Banner Finance reports. If this process uncovers problems, they should be resolved with the selling department.
- The UM Pro Card should **NOT** be used to make purchases from another campus department.

## INTERAGENCY PURCHASES

UM departments may purchase goods and services from other state of Montana agencies. Payment is made on a PeopleSoft Inter-Unit Journal which is a transfer of funds between state agencies without producing a State warrant.

For all purchases with State agencies contact the Business Services fund accountant responsible for your account.

The UM Pro Card may be used to make purchases from other State agencies such as Property and Supply.

# CONTRACTED SERVICES

The Contracted Services Guidelines are intended to assure the appropriate hiring of Independent Contractors and to assist departments in the acquisition of independent contractor and consulting services. Guest Speaker/Program Participant and Contractor Checklist forms are available on the Business Services web site.

## DEPARTMENT REQUIREMENTS

Departments should determine **prior** to services being rendered whether an individual's status is either "independent contractor" or "employee". The Independent Contractor Checklist assists in this determination. Departments will complete the Contractor Checklist form for all Contracted/Consulting Services and submit it to Campus Services with the Contracted Services Agreement. Always contact Campus Services prior to Contracting with a Foreign Alien or with any other questions at x2521.

Separate forms are required for each of the following categories:

1. Guest Speaker/Program Participant under \$2000.
2. Contracted Service Agreement under \$5,000.
3. Contracted Service Agreement over \$5,000.

University departments are delegated the authority to issue and monitor contracted service agreements for independent contractors up to \$5,000 except for **Legal Counsel, Auditors, or Architects**. For agreements over these limits, Purchasing will issue the contract and campus departments will monitor the performance of the contract.

Restrictions apply when contracting with individuals previously or currently employed by a state agency or the University. A current employee may not simultaneously be an independent contractor providing services to the University. Former employees cannot serve as an independent contractor for services related to their previous jobs for six (6) months after termination of that employment. Contact Purchasing prior to contracting with a former employee.

Independent contractors may be required to have Workers' Compensation Insurance coverage or an exemption. The University will require certificates of coverage or exemption when the contractor has employees or if the contractor is engaged in a trade requiring physical labor with exposure to a high incidence of work related injuries.

The University will report payments for each independent contractor as required by IRS regulations.

- **When contracting with foreign guests please contact Accounts Payable prior to completing any forms.** Under the Internal Revenue Code, all amounts paid to non-resident aliens for contracted services, including honorariums and travel reimbursements are subject to federal reporting requirements and may require income tax withholding. All foreign guests are required to have a Visa to receive payment by the University, whether it is required to enter the United States or not.

## JOB CANDIDATE EXPENSES

Expenses incurred for travel to the University by a job candidate are paid by using the Guest Speaker/Program Participant form.

The form is completed indicating the expense for travel, meals and lodging; is signed and forwarded to Accounts Payable for processing.