

University Of Minnesota

PURCHASING 101

Medical School Administration

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Purchasing at the University

<https://policy.umn.edu/finance/purchasing>

Policy Post - Provides current updates on University policy information

<http://policy.umn.edu/policies-under-review>

Considerations for All Types of Purchasing at the University

Code of Ethics

Anyone who purchases or initiates a purchase is required to read and sign the Code of Ethics document and submit to Medical School Administration finance office on an annual basis (can be found in the forms library).

Key points on the document:

- Maintaining knowledge of purchasing policies
- Receive no financial or personal benefit from vendor
- Conduct business that is fair to the vendor while striving to obtain the best value and give opportunities to targeted businesses as defined by the University

Purchasing from Amazon.com

- The University has established a master business account with Amazon.com to allow units to eliminate additional (and unallowable) costs for Amazon Prime memberships and still save on shipping.
- An Amazon Business account is available to PCard holders that have received prior approval from their unit and have received an official invitation from Amazon. All Amazon Business accounts must be associated with a University PCard and @umn.edu address.
- Determine who, if anyone, may purchase from Amazon (it should not be “everyone”) and set guidelines.
- The intent of this is NOT to drive business to Amazon. UMarket remains the preferred site for all purchases. The more the University community purchases from UMarket, the better deals Purchasing can negotiate in their contracts in the future.
 - If you find identical items from UMarket that are less expensive at Amazon or other suppliers, let Purchasing know at purchase@umn.edu. They will contact UMarket suppliers to see if they can obtain price matching going forward.
- See <http://finsys.umn.edu/purchasing-payables/amazon/> for more information.

All Purchases

- All purchase justifications must include the 5 Ws (who, what, when, where, why, and benefit to the University)
 - Example: Jane Does used Dynamex on 05/05/15 to deliver teaching materials to Yr 2 instructors located off campus. Timely delivery is essential to insure instructors are well prepared prior to teaching class.
- Sales Tax http://tax.umn.edu/sales_tax.html
 - The University of Minnesota can purchase many items exempt from state and local sales taxes. In the state of Minnesota, this exemption **does not** apply to lodging, airfare, prepared food, candy, soft drinks, motor vehicles, waste disposal services, or construction materials purchased by a contractor.
 - Tax exemption only applies to the University, not to the individual making the purchase. If an employee is paying with personal funds, they must pay the sales tax. Making illegal use of the University's sales tax exemption puts the individual paying the expenses at risk for being fined \$100/transaction.
 - Employees and non-employees may be eligible to receive sales tax when seeking personal reimbursement for out of pocket expenses.
- Original itemized receipts (see Travel section for exceptions)
 - Taped to one side of paper. Be careful not to tape over text (adhesive makes print fade and will not be captured in imaging.)
 - Submit "Statement in Lieu of Receipt" (UM 1566 in Forms Library) if missing a receipt – Should be a rarity.
 - On all forms submitted for payment, preparer must be aware of information such as SSN, credit card information and HIPAA data that must be blocked out of receipts and backup documentation.
- Reimbursement of expenses that are going to be paid by a third-party, should not be submitted to the University. The other institution or organization should be reimbursing the purchaser directly.
- Any purchases that are unallowable by University policy will have to be reimbursed by the purchaser to the University.
- It is a departmental supervisors' responsibility to notify the Medical School Administration finance group of terminations and hires as this will ensure compliance with University policies.
- Ensure that the correct chart string is used for each purchase
 - Use all fields including CF1 and CF2
 - Only use Empl ID if part of your chart string

Capital Improvements (remodeling/furniture)

- Any improvements such as carpeting, painting, remodeling or office furniture needs to be pre-approved by Finance.
- Standing Desks are available to any full time staff or faculty member in Med School Admin. Requests should be sent to Finance and your name will be added to a list. At the beginning of each fiscal year, coordination of ordering desks will take place and will be paid out of a chartstring held in Finance.

Computer Purchases

- Requests for computer purchases should be made through Finance (including student workers)
- Initial purchase comes from the unit's budget but must be first approved by Finance.
- Replacement computers will be replaced on the following schedule:
 - Desktop workstations – every 5 years
 - Laptops – every 4 years
 - Requests to deviate from this schedule should be submitted to Finance for approval
- Cost of replacement computers:
 - Units that generate revenue and support their own activity are responsible for the cost
 - Units that are centrally supported will be funded from a pooled account.
- Units will be notified at start of each calendar year which computers are eligible for replacement.
- Guidelines for units in pooled funding
 - Computers will be replaced with a like standard model (PC replaces PC, Mac replaces Mac, etc.)
 - Monitors up to 22" – anything larger needs justification and approval from CFO
 - Mouse & Keyboard – covered by pooled funding during replacement. Any need for these in between computer replacements are the responsibility of unit.
 - Printers and other accessories are not part of the pooled process – Units are responsible
- Computers used for student coursework are the responsibility of the unit.
- Old computer device **MUST** be surrendered to the AHC-IS for recycling upon installation of new device. It **CANNOT** be kept as a spare.

Procurement Card (PCard)

The University's preferred method of purchasing is with a Procurement Card (PCard). A PCard is a University charge card issued to approved employees which directly charges an EFS chart string.

The procurement card does not replace the use of purchase orders. Purchases should be made in accordance with policy (see links at the end of this section).

Examples of allowable purchases:

- Airfare
- Books and publications
- Car rental (Medical School Admin does not allow)
- Catering charges, excluding alcohol
- Computer equipment (Accessories are allowable; all devices must be purchased through AHC and initiated by Finance)
- Conference registration fees
- Copiers, leases, supplies
- Copying services
- Dues, memberships and subscriptions
- Hospitality, excluding alcohol
- Lab charges
- Mailers, shipping, courier companies
- Non-travel supply items, conference supplies, books, etc.
- Office supplies/materials
- Office water coolers
- Oxygen, gases
- Scientific supplies
- Telephone services, pagers, or department cell phones

Do NOT use the card for:

- Alcohol
- Capital equipment
- Cash advances
- Consultants or professional services
- Lodging expenses
- Travel meals
- Radioactive materials
- Research animals
- Personal expenses of any kind
- Any item not allowed by cardholder department policies or procedures.
- Any item not allowed by sponsoring agency

PCard Roles

Cardholder

- Responsibility for all transactions and use of the PCard is restricted to the person whose name is embossed on it, unless your department has a Departmental PCard. However, the person whose name is attached to the Departmental PCard is still responsible for ensuring policy is followed.
- If the PCard is used by someone other than the cardholder, then he/she risks having the PCard revoked (unless it is a Departmental PCard)
- The cardholder is also responsible for taping receipts, providing complete expense justification, providing accurate chart string information, reconciling and submitting receipts via My Wallet or to their reconciler within 30 days of the transaction.
- The cardholder must sign each receipt before attaching them in My Wallet or submitting them to the reconciler.
 - If the cardholder is reconciling their *own* PCard transactions in EFS, then they do not need to sign each receipt.

Reconciler:

- Responsible for reconciling PCard charges in EFS (Enterprise Financial System) on a continuing basis. Transactions should be reconciled within 30 days of posting.
- Reconciling includes proper assembly of all documentation, verifying chart strings and correct account codes prior to entry in EFS.
- The reconciler ensures purchases are consistent with department and University policies and procedures.
- The cardholder may be the reconciler.

Approver:

- Responsible for reviewing and approving PCard charges in EFS on a continuing basis as Expense Reports are submitted.
- May return (deny) charges to the reconciler due to incorrect chart strings, insufficient justifications, missing documentation, missing signatures, etc.
- The approver also ensures purchases are consistent with department and University policies and procedures and that they are accurate and properly accounted for.

Certified Approver:

- A department or collegiate staff person who has been given authority by the Vice President for Research to review and approve financial transactions involving sponsored funds.

Department Card Administrator (DCA):

- Responsible for developing departmental PCard procedures, provides assistance within the department, and may be the approver.
- Acts as a liaison between Central Program Administrator and the cardholder, e.g. receives and distributes cards; sends email notification of employee name/address changes, card cancelations, or lost/stolen cards; ensures that the Purchase Detail Report (PDR) and supporting documentation are imaged; serves as the primary contact for communications from the central PCard office regarding missing PDRs, audit compliance memos, etc.

Departmental Supervisors

- Notify the Medical School Administration Finance group of terminations and hires as this will ensure compliance with University policies

PCard Guidelines and Reminders

- To obtain a PCard, first obtain approval from the DCA and then complete an online course called "PCard Cardholder Training: Using the University PCard".
- There is a University per purchase maximum of \$2,499.99 and the total credit limit per card is \$10,000 monthly.
- If a non-equipment expense will exceed the \$2,499.99 maximum, or if supplier restrictions need to be temporarily lifted (e.g. renting a banqueting room at a hotel), then special permission may be granted for a one-time purchase. The cardholder must email the DCA requesting a credit extension for that purchase and include the following information:

1. Cardholder Name and Empl ID
2. Last 4 digits of PCard
3. Type of increase (For this you will need a temporary increase to both the one time and monthly default limits (FYI...one time default is \$2,499 and monthly default is \$10,000)
4. Limit increase - the exact amount the limits should be set to
5. Time period of request (from and to dates)
6. What is being purchased
7. Approximate cost
8. Who is the merchant
9. Explanation of why the charge(s) can't be paid via another method (such as itemized vendor invoice, Check Request, PO)
10. Business purpose of the charge(s)

(Please keep it in a list format so it's very easy to identify that all required information is captured.)

- If sales tax is charged in error it is the cardholder's responsibility to contact the vendor and initiate a credit for the amount overpaid.
- If a charge has been assessed in error, or if you have lost or had your card stolen, there no longer are any University forms to complete. All communication will occur directly between the cardholder and US Bank.
- Ideally the cardholder will reconcile and attach original itemized receipts and other applicable backup documentation as purchases are made.
- Ensure all receipts have been signed by the cardholder (unless the cardholder is also the reconciler).
- Lodging may not be charged to the PCard. Airfare and conference registration are the only travel-related charges allowed.

For more detailed information please see the following administrative policies and their appendices:

Policy: "Using the University Procurement Card"

<http://policy.umn.edu/finance/procurementcard>

Appendix: "Examples of Allowable and Unallowable Purchases"

<http://policy.umn.edu/finance/procurementcard-appa>

Appendix: “Blocked Vendor Types”

<http://policy.umn.edu/finance/procurementcard-appb>

Policy: “Purchasing Goods and Services”

<http://policy.umn.edu/finance/purchasing>

Appendix: “Non Purchase Order Related Payments”

<http://policy.umn.edu/finance/purchasing-appd>

Training required to obtain a PCard:

- PCard Cardholder Training: Using the University PCard

Training required for Preparers:

- Basic Accounting (#1 prerequisite)
- Chart of Accounts (#2 prerequisite)
- My Wallet for Cardholders (#3 prerequisite)
- Create Expense Reports

Training required for Approvers:

- Basic Accounting (#1 prerequisite)
- Chart of Accounts (#2 prerequisite)
- Travel and Expense Approvals

Training Services website:

<http://finsys.umn.edu/training/index.html>

Requisitions

Requisitions are used to enter a variety of purchasing requests in EFS: standard goods and services, U-wide contracts, UMarket orders, blanket orders, contracts for professional services (CPS), and capital asset purchases. Once a requisition has been entered and approved it is sourced to a Purchase Order (PO) and dispatched to the supplier.

In EFS, the four basic methods for adding goods and services to a requisition are as follows:

- The **UMarket** tab is used to order directly from UMarket (Apple and Dell ordering is no longer available from this tab)
 - *Note: all computer ordering for the Medical School should be done through AHC-IS on a revolving schedule initiated by Finance.*
- The **Special Request** tab is used to key in goods or standard services not available through the Web tab. These include standard goods and services purchased from a U-wide or State of Minnesota contract, capital assets, or other non-U-Wide Contract vendors.
- The **Blanket Order** tab is used to create a blanket order. Blanket orders are contracts with vendors to supply identified goods and standard services at an agreed-upon price, up to an agreed-upon total dollar amount, and across an agreed-upon amount of time (may be done for a 3 year period so long as the total contract amount is less than \$50,000). *Note: this tab cannot be used to purchase capital assets.*
- The **CPS** tab is used to create a requisition to purchase professional or consulting services above \$3000.00.

Vendor Selection

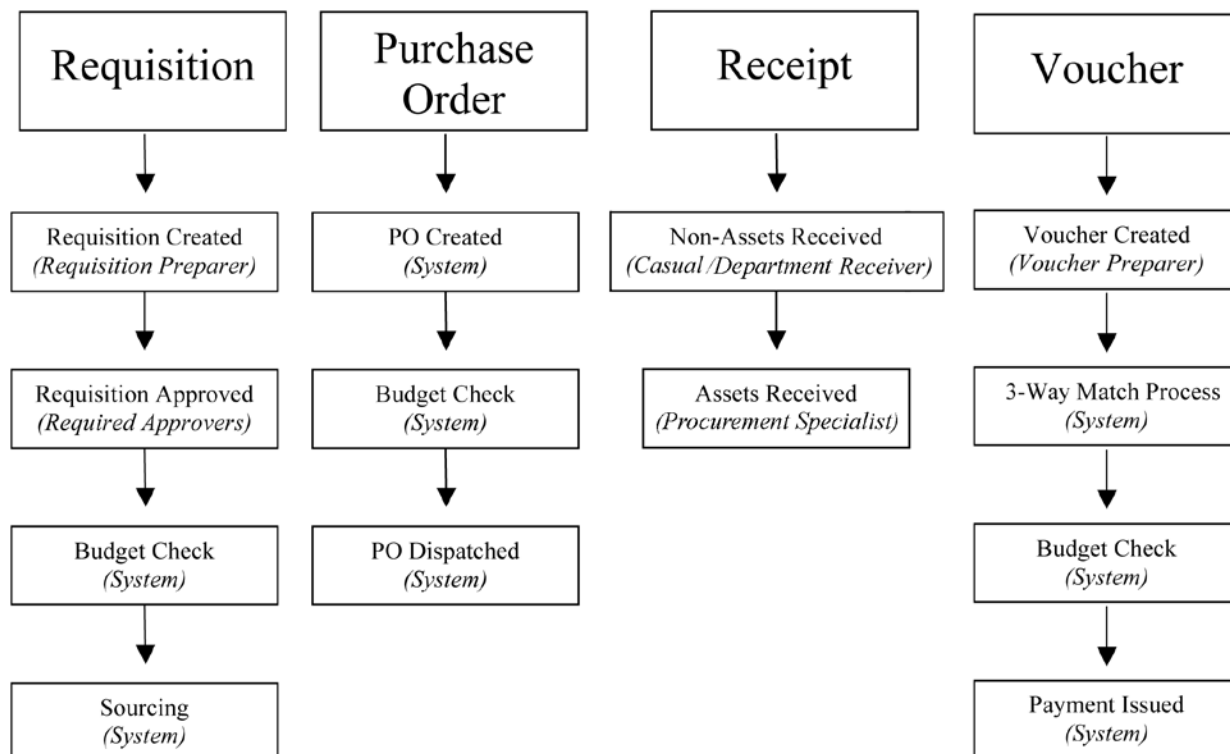
Prior to starting a new requisition, the vendor (also known as a supplier) must be determined, except in the case of a requisition that requires bidding. It is the responsibility of the preparer to verify that the vendor information is set up in the financial system and is valid. If the vendor is not valid (“approved” and “open for ordering”), the preparer must go through the new vendor authorization or change an existing vendor process. If the vendor isn’t valid a sourcing error will occur in EFS.

Vendor Selection Prioritization:

1. U of M Auxiliary or Internal Sales Vendors
2. U-Wide Contract Vendors
3. State of Minnesota Contracts
4. Non U-Wide or State of Minnesota Contract Vendor

Procurement Process

The following diagram illustrates the procurement process for standard goods and services:



Receiving

All goods must be physically received (except when purchased from UMarket) by the department receiver in accordance with the Purchasing Goods and Services policy and the Receiving Purchases administrative procedure.

- **Non-assets:** The department receiver physically receives AND records in the financial system the receipt of non-capital equipment items or supply items (non-assets).
- **Assets:** The department receiver physically receives capital equipment assets. During the physical receiving process, the department receiver collects physical information (model, serial number, etc.) on each asset present. The information is recorded on a Request to Procurement Specialist form (UM 1681 in Forms Library), which is then submitted to the assigned Procurement Specialist. The Procurement Specialist will receive the asset in EFS.
- The administrative procedure “Receiving Purchases” can be viewed at: <http://policy.umn.edu/finance/purchasing-proc02#receiving>

Purchasing Professional Services (see Appendix A)

Professional services are defined as customized services consisting of specialized intellectual or creative expertise based on personal skills or ideas of an individual(s) that are provided for a fee, which may be determined individually with each customer for each service contract.

Contracts with professional services providers must:

- Be fully and formally approved, consistent with the President's delegation of authority before work begins if applicable to contract type (see Appendix B, "CPS Paperwork Reference Grid")
- Comply with Internal Revenue Service (IRS) requirements for defining employees and independent contractors;
- Comply with special requirements of projects supported by sponsored funds;
- Include a complete statement of work, including any deliverables;
- Use either the University's standard Contract for Professional Services (CPS) with no alterations, additions, or omissions, or use a contract that has been reviewed and approved by the Office of the General Counsel;
- Not conflict with other University policies.

Additional Considerations:

- For purchases \$50,000 and over, e.g. executive searches, a competitive bidding process must be used to select a service provider.
- For purchases under \$50,000, the department may request that Purchasing Services conduct a bidding process or the department may document some other credible basis for contractor selection, basis for price, and assurance that price is reasonable.
- Using a University employee as a supplier is NOT ALLOWED without Purchasing Services approval, due to potential conflicts of interest. See Appendix F: Conflict of Interest Assessment.

There are three different types of requisitions that can be created using the CPS tab in EFS:

- QCPS – Quick Contract for Professional Services
- CPS – Contract for Professional Services
- PCPS – Performance Contract for Professional Services

Note: VCPS – Voucher Contract for Professional Services is no longer in use. Please see Non-PO payments and Appendix B for further instructions on paying for professional services below \$3000.

Paperwork Requirements

Statement of Work (Form UM 1697 in Forms Library)

<http://policy.umn.edu/forms/search?combine=1697>

- States contractor's name
- States scope of work
- States payment schedule
- Required for all CPS requisition types

Professional Services Information Sheet (PSIS) (Form UM 1669 in Forms Library)

<http://policy.umn.edu/forms/search?combine=1669>

- Section 1 (Basis for Vendor Selection and Price Reasonableness) is required for all professional services requisitions \$3,000 and over.
- Section 2 (Current Employer/Employee Relationship) is required for individuals and sole proprietors.

- Section 3 (Types of Services Provided) is required for individuals and sole proprietors.
- Section 4 (Data Collection Sheet) is required for sponsored funds and optional for non-sponsored funds.

Performance Agreement

<http://policy.umn.edu/content/performance-agreement>

- Required for any PCPS requisition
- Lists details of performer's event
- Lists University's standard terms and conditions specific to performers

CPS Paperwork Reference Grid (see Appendix B)

Honorariums: Contract or Check Request?

When an individual is receiving income or an honorarium totaling less than \$600.00 within one calendar year, the payment is made using a Check Request Form (CRF) and there is no need to set the individual up as a vendor in EFS.

- Consider payments made by other colleges and departments within the University.

When an individual is receiving income or an honorarium totaling \$600.00 or more within one calendar year, the payment is made using a contract and the individual must be set up as a vendor in EFS.

- Note: Expense Reimbursements are not considered *income*. Employees are not eligible to receive honoraria.

When there is a combined payment of an honorarium and travel expense reimbursement, it is still the amount of the honorarium that will determine which process to use for payment. For example, a visiting scholar is receiving a \$300.00 honorarium and \$457.00 travel reimbursement. Even though the total payment will be \$757.00, it can be paid using a CRF without vendor set up since the honorarium portion is under \$600.00. Make sure to split the distribution and use the appropriate account codes to differentiate the honorarium portion from the expense reimbursement.

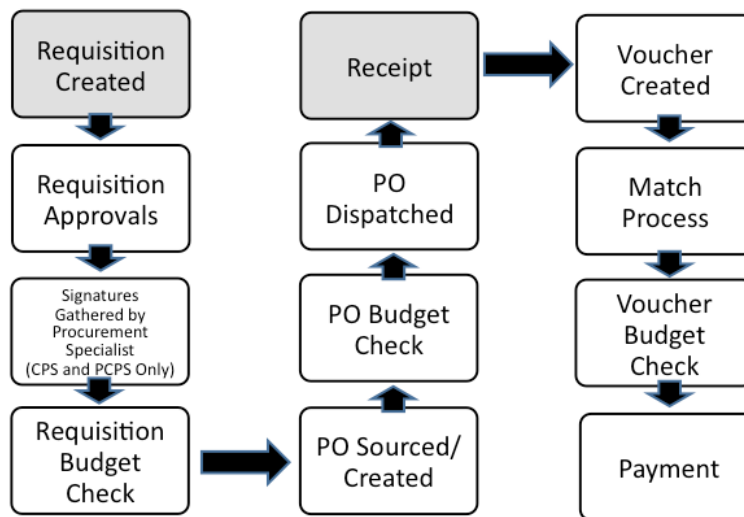
Use of account code 720399, "Other General Services," for paying an honorarium should be a rarity.

- An example of this type of "General" service is paying a student \$100 for providing a tour of the department.
- For student payments check with Financial Aid to determine the best way to pay.

Professional Services Procurement Process

- The procurement process for Quick Contracts for Professional Services (QCPS) follows the same flow as the procurement process for standard goods and services.
- The procurement processes for Performer Contracts for Professional Services (PCPS), and Contracts for Professional Services (CPS) vary slightly.

PCPS and CPS Procurement Process



Note: the shaded boxes indicate steps for which the requisition preparer is responsible. However, receiving by the requisition preparer is conditional per departmental responsibilities.

CPS Amendments

A CPS amendment is a change to the contract initiated by the requisition preparer from the Manage Requisitions page in EFS. These changes require the online approval process and, depending on the change request, additional approvers may be included who were not original approvers.

- Internal change: change in chart string, justification; entered by Procurement Specialist
- External change: change in dollar amount, start and end dates, scope of work; completed via CPS Amendment process in EFS

Requisition/Purchase Order Guidelines and Reminders:

- For standard goods and services, a requisition is to be used if the vendor does not accept credit cards or the purchase goes against P-card policy.
- Requisitions totaling \$100 or less are automatically approved in EFS.
- Allow sufficient time for requisition process before initiating services, especially when purchasing professional or consulting services.
- Use account code 168001 for equipment acquisitions of \$5,000 or more.
- Use account code 168002 for other acquisitions (capital assets other than equipment) of \$5,000 or more.
- Chart of Accounts manual is available at: http://www.finsys.umn.edu/coa/coa_b_intro.html

For more detailed information please see the following:

Administrative procedure, “Purchasing Goods and Services”

<http://policy.umn.edu/finance/purchasing-proc02>

Administrative policy, “Purchasing a Professional Service”

<http://policy.umn.edu/finance/purchasing>

Create Requisitions Manual (updated as of 05/18/2016)

<https://finsys.umn.edu/training/index.html>, under Purchasing/U Market, then click on “Create Requisitions Manual”

Training required for Preparers:

Basic Accounting (#1 prerequisite)
Chart of Accounts (#2 prerequisite)
Supplier Inquiry (#3 prerequisite)
Create Requisitions
Receiving Purchases

Training required for Approvers:

Basic Accounting (#1 prerequisite)
Chart of Accounts (#2 prerequisite)
Requisition Approvals
Voucher Approvals

Training Services website:

<https://finsys.umn.edu/training/index.html>

Entering into Contracts

What is a contract?

A contract is any written commercial contract or other agreement that creates a binding obligation upon the University, regardless of the title of the document, and regardless of the identity of the other party. Units must not enter into a contract that presents an unreasonable risk of harm to the University's mission, reputation or funds.

What kinds of contracts are there?

There are various forms a contract can take.

- EFS Contracts
- Standard or U-Wide Contract
- Non-standard contracts

EFS Contracts

If a vendor gives you a contract for a purchase or a professional service, do not sign the contract. Rather, create a Purchase Order or a Contract for Professional Services in EFS. These documents will have our standard Terms & Conditions on them and will represent our contract with the vendor.

EFS contracts are signed via the approval workflow in EFS. No other signatures need be obtained.

Standard

The Office of the General Counsel (OGC) has pre-approved some standard contracts for use by the University of Minnesota. The contracts library can be found at <http://policy.umn.edu/contracts-library>.

If you are able to use one of these contracts, it does not need to be reviewed by the OGC and can go directly to the delegated signer (Tammy Price, John Hoffmann, Pete Mitsch) once it has been signed by the other party.

Some examples of standard contracts include Speaker agreements, Performance agreements, Service agreements, Use agreements and Hotel agreements.

Non-Standard Contracts

Because the University is a constitutional function of the State of Minnesota, certain laws and regulations apply to our agreements that don't apply to commercial enterprises. That is why it is preferable to use our forms if at all possible. Commercial enterprises can just decide what terms & conditions they accept, we can't.

If the vendor still insists you use their contract, the process for getting the contract approved will take a little longer and will depend on the nature of the contract. Here are some of the more common contract situations:

- **Purchases** - Sometimes a vendor will still want you to sign a contract (e.g. Surdyk's for catering). As long as there is not any space being rented or any legal conditions, it is okay to

sign by the purchaser. These contracts can only have business terms in them, such as agreed upon amounts and dates.

- **Space** – If the contract is not on a University standard contract and includes a lease or use of University space or use of the other party's space, there are additional reviews that need to take place.
 1. Total contract < \$10,000 (including food and beverage) – Send the agreement to the OGC (before signing) for legal approval, then send to Dean's Office for Signature Approval. Furnish REO with a copy of the fully executed Use/License Agreement with the appropriate EFS account number and amount of contract (not including food and beverage) written on the top of the agreement.
 2. Total contract > \$10,000 (including food and beverage) – Send the agreement to the Real Estate Office (before signing) for legal approval, then send to Dean's Office for Signature Approval. Furnish REO with a copy of the fully executed Use/License Agreement with the appropriate EFS account number and amount of contract (not including food and beverage) written on the top of the agreement.
- **Other Contracts**- Check first to make sure there is not a standard contract that you can use. Any other contract not on an approved form must be sent to the OGC for legal approval prior to signing.
 1. If the contract has been reviewed by the OGC in the last four years for a prior transaction, it need not be reviewed again unless legal language has changed.
 2. If all of the conditions on the Checklist for Purchasing Contracts that Are Exempt from Review by the OGC are met, the contract is exempt from review. For audit purposes, the form should be completed and kept with the contract to which it applies. See the link at the end of this document.
 3. If a contract contains a clause that requires a review or approval before a legal review (e.g., insurance, use of the University's trademark or logo), units are responsible for contacting the Subject Matter Expert before sending to the OGC. The link to the list of Subject Matter Experts can be found at the end of this document.
- **Contracts with another University Department** - Two University entities cannot enter into a contract because it is impossible to sue yourself. To memorialize their mutual understanding for future reference, however, they may enter into a non-binding letter of intent. Such documents need not be reviewed by the OGC.

Some of the less common contract situations:

- **External Sales** – If the contract involves an external sale, first check the Standard Contracts library to see if there is an appropriate standard contract that you can use. If there is not, contact the External Sales Office at extsales@umn.edu for assistance with your contract.
- **Sponsored Research** – If the contract has to do with sponsored research, contact SPA
- **Licensing or Intellectual Property** – Contact the Office for Technology Commercialization
- **Fairview Contracts** – There is a standard contract in the Contracts library for Fairview purchases that references the Master Agreement with them.
- **UMP Contracts** – Done via Contract for Professional Services. There is a checkbox on the PSIS form that gives the Medical School an exemption from bidding.

Who can sign Contracts?

Only those University employees to whom the authority to sign contracts has been expressly delegated in writing may sign contracts. In the Dean's Office, Tammy Price, (with John Hoffmann and Pete Mitsch as backups) is responsible for signing contracts.

If a contract is signed by a person that does not have signature authority, the agreement may be void and the person may held personally responsible for all losses, up to and including termination.

FYI - To find out who has the authority for any given contract, see the Delegations of Authority Library. (<http://compliance.umn.edu/delegationHome.htm>).

Not sure who should sign your contract? See Appendix E: Contract Process Flow Chart for more information.

Helpful links:

OGC Email: ogccontr@umn.edu

Entering Into Contracts - <http://policy.umn.edu/operations/contracts>

Procedures for Entering into Contracts - <http://policy.umn.edu/operations/contracts-proc01>

Assessing Risk in the Business Terms of a Contract - <http://policy.umn.edu/operations/contracts-appc>

Checklist for Purchasing Contracts That Are Exempt From Review By the Office of the General Counsel - http://policy.umn.edu/sites/policy.umn.edu/files/appendix/contracts_appa.pdf

Required Review by Subject Matter - <http://policy.umn.edu/operations/contracts-appb>

Non-Purchase Order (Non-PO) Payments

Non-PO payments are typically made to vendors when there is no source document, such as an invoice, or when it is an irregular/unpredictable payment.

The University allows the purchase of some goods or services outside of the financial system. They may be ordered directly from the vendor and the invoice submitted to the voucher preparer for entry in the financial system.

- Purchases under \$100 automatically generate a voucher for payment – they do not go through the approval process.
- Purchases over \$100 require budget approval before the voucher can be created by the cluster.

Starting December 2016, all professional services below \$3000 (formerly entered into EFS as a VCPS) will be processed as a Non-PO payment.

- Non-PO form or Check Request Form and backup documentation is submitted to the Cluster and a voucher will be created. Include a Statement of Work in the justification.
- Supplier set up is still mandated for anything taxable \$600 or more, as well as payments to foreign payees.

When an invoice is unavailable, the Check Request Form (UM 1659 in Forms Library) can be used (see Appendix D: Payment Request Grid for a checklist).

The “Request for Non-PO Payment” form is available on the Medical School Cluster web site at: <http://hub.med.umn.edu/administrative-services/finance/medical-school-cluster/forms>

Appendix to Purchasing Goods and Services Policy:

“Non Purchase Order Related Payments”

<http://policy.umn.edu/finance/purchasing-appd>

Non-Travel Related Expense Reimbursements

Employees are reimbursed using the Employee Expense Worksheet (UM 1612 in Forms Library) and the payee receives the funds the same way his/her payroll distribution is set up, i.e. direct deposit vs. check (see Appendix D: Payment Request Grid).

Non-employees are reimbursed using the Check Request Form (UM 1659 in Forms Library) and the payee receives a check.

Forms are periodically revised and the mileage rate changes so it is encouraged to use Forms Library rather than saving the form to one's desktop. Failure to use the most current version of a form may result in a denial from the approver, and the form will have to be redone.

Preplanning is Critical

“An emergency on your part does not constitute an emergency on our part.”

- Out of pocket purchases are inappropriate unless emergency circumstances apply.

At times there will be a special situation where an unanticipated purchase is necessary, and circumstances prevent using one of the approved purchasing processes (UMarket, PCard, Purchase Order, etc.).

- In this situation, an employee should attempt to secure preapproval from their approving authority to make an out of pocket purchase.

If circumstances do not allow for preapproval, the employee should use best judgment as to the appropriateness of an out of pocket purchase, then seek post-approval as soon as possible.

- With appropriate documentation and departmental approval, out of pocket purchases are reimbursable to the employee (assuming the purchase meets all other compliance and policy requirements for allowability and reasonableness).

Current Standards for Out of Pocket Purchases

- The purchase is directly related to the employee's work.
- The purchase could not be anticipated.
- There is an immediate need for the goods/services.
- An approved purchasing method cannot be used.
- The price is “reasonable” (competitive in the marketplace).
- *The Out of Pocket method may not be used to purchase equipment exceeding \$2499, or to purchase professional services of any dollar amount.*
- *If the purchase is deemed not an emergency OR if pre-approval is not received prior to purchase, then the buyer runs the risk of not being reimbursed sales tax or not being reimbursed at all.*

Reimbursement Guidelines & Reminders

- Approval of expenses incurred by senior employees should be made by a person who has knowledge of the appropriateness of the expenses, and who has the authority to approve or deny expenses – this may be the person’s supervisor or someone else in the department who does not have a reporting relationship with the person incurring the expense. (See “Approvers in Medical School Administration” sheet.)
- Department Heads must obtain approval by the Medical School CFO.
- Make sure to complete the prepaid expense section on the Employee Expense Worksheet.
- Deadline for submitting expense reimbursement is 30 days from the date of the event.
- Faculty clinical recertification fees for license maintenance are not eligible for reimbursement.
- Faculty continuing medical education (CME) expenses are not eligible for reimbursement.

Training for Preparers:

- Basic Accounting (#1 prerequisite)
- Chart of Accounts (#2 prerequisite)
- Create Expense Reports

Training required for Approvers:

- Basic Accounting (#1 prerequisite)
- Chart of Accounts (#2 prerequisite)
- Travel and Expense Approvals

Hospitality

Employees who incur or approve expenses for hospitality, alcoholic beverages, entertainment, and other special expenses must exercise prudent judgment to ensure that the expenses are for legitimate University business and comply with the Expenses Allowability Grid, regardless of funding source.

Food for Staff Meetings

- Food purchased for staff should be a rarity.
- Justification for any food and/or beverages provided at staff meetings needs to include both the business purpose AND a copy of the meeting agenda.
- In addition, if a meeting with only University staff/faculty takes place over the noon hour and food is served, you need to be able to justify why the meeting could not have taken place at a different time of day and why the University should pay (or reimburse) for food provided.
- A “working lunch” or “busy schedules” does not suffice
- Just because the meeting is over the noon hour does not mean lunch must be served

Group Meals (Visiting scholars, Recruiting, etc.)

- This type of group meal is typically held at an outside restaurant and paid for with a University PCard or personal credit card of the faculty host.
- Group meals hosted by faculty during business travel to conferences can only be reimbursed if it involves recruitment or donor relations.
- Original itemized receipts are required with complete justification (5 Ws).
- Justification must include both the business purpose and benefit to the University.
- List of attendees must accompany the reimbursement request
- There is a \$100 per person limit (including tax and tip)

Tipping

- The maximum tip allowed is 20% of the purchase amount, before tax is added.
- Be aware of any tip (gratuity, service fee, etc.) automatically added to the bill by the restaurant, which is typical when a larger group of people is being served.
- If purchasing a large catering order, use discretion or consult an approver for guidance in calculating the tip especially if it is simple catering (see Appendix C: Tipping Guide)
- “Simple catering” is when the food is prepared at the restaurant and delivered to the event location and the tip would be for the delivery person.
 - For example, a \$300 tip (20%) on a \$1,500 catering order from Jimmy John’s would be excessive.

Alcohol

- Any alcohol must be purchased with private funds, i.e. private practice or foundation funds.
- Any alcohol served on campus must get advance approval from the Office of Risk Management by submitting an Alcohol Use Application (UM 23) not less than 15 days prior to the event.
 - This form is for events taking place at venues that do not normally serve alcohol (e.g. Weisman Art Museum)
- The amount spent on alcohol should not be excessive.
- Some things to consider when deciding to purchase or serve alcohol:

- Does your department have the funds to cover this expense?
- Would the amount or price of the alcohol served seem excessive to the public?
- You are responsible – what action would you take if someone drank too much?
- Does the nature of the event warrant serving alcohol?
- Would you buy this if you were paying for it yourself?

Recognition/Appreciation Gifts

- Staff and non-staff gifts must be non-cash and less than \$100.
- Should be able to withstand public scrutiny.
- Recognition/appreciation gifts should be given to honor extraordinary service.
- All employees should be eligible to receive gifts.
- When gift cards are purchased for employees:
 - Names and employee ID numbers of the recipients must accompany the receipts and justification for reporting purposes
 - Monetary value of a gift card, regardless of amount, is considered “taxable income” by the IRS and must be reported to Payroll Services
- Flowers given to employees can only be purchased on private funds, i.e. private practice or foundation funds.
- Gifts to non-staff must support the mission of the University and should be given to honor extraordinary service to the University.
- In all cases the reason for giving the gift should be documented.

Minnesota Statute 15.43: Acceptance of Advantage by State Employee; Penalty

No employee of the state or of the University of Minnesota in direct contact with suppliers or potential suppliers to the state or the university, or who may directly or indirectly influence a purchasing decision or contract by establishing specification, testing purchased products, evaluating contracted services, or otherwise has official involvement in the purchasing or contracting process may:

1. have any financial interest or have any personal beneficial interest directly or indirectly in contracts or purchase orders for goods or services used by, or purchased for resale or furnished to a department or agency of the state or the university; or
2. accept directly or indirectly from a person, firm, or corporation to which a contract or purchase order has been or may be, awarded, a rebate, gift, money, or anything of value other than items of nominal value. No such employee may further accept any promise, obligation or contract for future reward.

Violation is a misdemeanor and may also violate federal regulations regarding sponsored funds.

Hospitality Guidelines and Reminders:

- A completed Hospitality Events Form, aka “Food Form,” and list of attendees is required for all food purchases including University Dining Services (UDS).
- The Hospitality Events Form is available on the Finance website under Reports/Forms: <http://hub.med.umn.edu/administrative-services/finance>
- Make sure to use the appropriate account code for food purchases, either “Food and Provisions” (720103) or Entertainment and Gifts” (720703):

- Food for events held to discuss academic issues, science, or for business reasons (committee meetings, employee recruitment, research or public service conferences, etc.) would fall under account **720103**.
- Food for events held for the purpose of promoting the institution for the purpose of raising money or improving external relationships (fundraising events, volunteer recognition, etc.) would fall under account **720703**.

Policy: Hospitality, Alcoholic Beverages, and Other Special Expenses

<http://policy.umn.edu/finance/hospitality>

Appendix: Expense Allowability Grid

http://policy.umn.edu/sites/policy.umn.edu/files/appendix/hospitality_appb.pdf

Appendix: University Employee Recognition Awards

<http://policy.umn.edu/finance/hospitality-appd>

Form: Alcohol Use Application – University Organization

<http://policy.umn.edu/forms/search?combine=um+23>

Policy: Transaction Justification/Documentation Standards for All Non Sponsored and Sponsored Transactions

https://policy.umn.edu/sites/policy.umn.edu/files/appendix/transaction_appa.pdf

Traveling on University Business

Anyone traveling on University business should read the travel policy located at:

<http://policy.umn.edu/finance/travel>

<https://travel.umn.edu/> (You will be prompted for your x500)

Travel reimbursement rates located at:

<https://travel.umn.edu/rates.html> (For Domestic & International)

Policy is for employees and non-employees (faculty, staff, students and University visitors, contractors doing work on the University's behalf, e.g. consultants)

General Policy

- Travelers are responsible for ensuring that travel expenses are:
 - for valid University business related purposes;
 - following University policies and procedures;
 - a prudent use of public and University funds.
- Employees (faculty, staff and students) are expected to choose the least costly method of transportation that meets the traveler's scheduling and business needs
 - If business and personal travel is being combined, or multiple business trips are occurring consecutively, the traveler will provide flight comparisons and will be reimbursed for the least costly itinerary that meets business needs. This must be done *before* departure.
- Original itemized receipts are required for all travel expenses over \$25 (not on the PCard) EXCEPT meals and incidentals, which are reimbursed via per diem
 - Conference registration receipts should include name of conference, dates, and location
- If a receipt cannot be obtained or is lost, a Statement in Lieu of Receipt (UM 1566 in Forms Library) should be completed and signed by the traveler.
- Sponsored funds for travel should follow the most restrictive applicable policy (University policy or sponsor policy).
- Travel expenses must be approved by a person who has the authority to approve or deny payment of travel. Normally the approver is one level senior to the traveler, but it may also be another person who has been delegated to approve or deny travel. (See "Approvers in Medical School Administration")
- Department Head travel reimbursements must be approved by the Medical School CFO.
- Expenses incurred by a spouse or guest are not reimbursable expenses.
- Complete justification of travel is required. This includes the Benefit to the University and the 5 W's – Who, What, Where, When, Why. Any reimbursement request that does not address all components will be returned.
 - Example: Jane Doe attended the 2015 AAMC Conference in Denver, CO from Nov. 4-7 to get up to date information on new educational teaching methods which will be applied to the curriculum for the medical students at the U of MN.
- Med School Admin does not provide cash advances for travel.

Corporate Travel Card (not the same as PCard)

- A corporate business travel card for employees traveling on University business to pay for travel expenses, including airfare, hotels, meals, car rental, conference registration, ground transportation, and airport parking
- The corporate card provides cardholders with benefits such as additional vehicle rental, property and baggage insurance, and emergency assist services.
- Cards are available to any academic or administrative staff who have obtained approval from their Administrative Head.
- Cardholder must comply with University travel policies.
- Cardholder has sole liability for charges made and payment in full is due according to the terms and conditions of the financial institution.

Travel Documentation/Reimbursement Request

- Non-sponsored travel reimbursement requests should be made within 60 days of the conclusion of travel.
 - If requests are made after 60 days, the traveler runs the risk of having their travel denied for non-compliance, or their reimbursement may be taxable.
- For travel on sponsored projects, travelers must submit travel reimbursement requests within 60 days of the conclusion of the trip or before the end date of the grant, depending on which deadline is sooner.
 - Any travel reimbursement requests submitted beyond 60 days of the conclusion of the trip may not be charged to sponsored projects, whether the reimbursement is approved or not. This is because they do not meet the University's policy requirements for documentation and timely submission.
- If you combine personal with business travel, the University cannot incur any additional expense. You must submit with your travel documents a detailed accounting that shows there is no additional expense to the University (hotel invoices, flight comparisons, etc). Any additional expenses incurred will be the sole responsibility of the traveler. (See "Additions to the Dean's Office Travel Policy")
- Foreign travel expenses must be converted to U.S. dollars using the rate in effect for each date of travel. Documentation indicating what exchange rate was used should be included.
 - If purchases were made via credit card, use the exchange rate provided by the credit card company.
 - XE or OANDA provide historical currency data and travel expense conversion tools.

Unsubstantiated/Unallowable Expenses

- Reimbursable / Non-reimbursable Travel-related Expenses grid is located at <http://policy.umn.edu/finance/travel-appj>
- Alcohol is not reimbursable, unless you are recruiting and you have private funds that can be used.
- Reimbursements that will be made by outside 3rd parties should not be included for reimbursement. The 3rd party should reimburse traveler directly. No expenses or payments should flow through the University.
- If travel expenses are paid by the University (through PCard or direct purchase) but are not allowable according to the travel policy, or are not appropriately substantiated, the following will occur to recover the funds:
 - Traveler pays the University via personal check or money order with their Expense Report or PCard documents.

- If traveler does not submit payment, the employee and University will establish a payment plan where the amount owed is deducted from the employee's paycheck.
- When the amount is deemed uncollectable, the University may seek legal remedies against employees who do not repay improper charges and reimbursements and/or record the amount due as taxable income to employee.

Air Transportation

- Travelers will be reimbursed for coach seating only. If the total flight from departure exceeds 8 hours, traveler may, with pre-approval from their unit, upgrade to the next most economical travel over coach (business class in most cases.)
 - Seat fees (e.g. preferred seating, aisle seat, or exit row) are reimbursable with a valid business reason as determined by approving authority. Pre-approval is suggested.
- Flight insurance is not reimbursable.
- Travelers may be reimbursed for one checked bag. Checked luggage beyond one bag is not reimbursable unless there is a business reason for the extra luggage.

Air travel paid for with federal sponsored funds must be consistent with the Fly America Act regulations. See the University's Fly America Act information on the International Travel link on the University's travel website.

Frequent Flyer Miles (Accrual and Use)

- Frequent flyer miles or any other benefit issued by an airline must accrue to the benefit of the University when University funds are used to pay for airline travel pursuant to MN State Statute, 15.435, Section 20. University employees may not use these miles or other benefits for their personal travel.
- University employees are responsible for tracking miles earned with University funds, and providing records of such tracking upon request.
 - Travelers may be able to set up a separate frequent flyer account with the airline to use specifically for business travel and to differentiate from their personal account.
- When enough frequent flyer miles have been accumulated to earn free travel, employees are expected to use the miles for University travel.

Ground Transportation

- The least expensive method of ground transportation while traveling should be used (e.g., airport shuttles, taxis)
- Rental of automobiles should only be rented when absolutely necessary, or when doing so reduces overall transportation charges to the University.
- Rental vehicle and gas charges may be reimbursed, but not mileage.
- Insurance required for rental vehicles: Physical Damage and Liability (see policy for details)
- Drivers are personally responsible for all traffic offense fines and violations incurred.
- Insurance requirements on rentals:
 - Domestic Vehicle Rental:
 - CDW – Collision Damage Waiver
 - LDW – Loss Damage Waiver
 - Both mandatory if renting from non-contract car rental agency.
 - Both are included in National and Enterprise Car Rental contract.
 - No additional insurance will be reimbursed.
 - International Vehicle Rental:
 - CDW – Collision Damage Waiver
 - LDW – Loss Damage Waiver

- SLI – Supplemental Liability Ins.
- ELP – Extended Liability Ins.
- No additional insurance will be reimbursed.

Use of Personal Vehicle & Claiming Mileage

<http://policy.umn.edu/finance/vehicles>

- Current University policy indicates that “A traveler may not use their personal vehicle for University business, unless they have obtained pre-approval from their supervisor or manager. Even if approved, personal vehicles are NOT covered by University insurance. The traveler is responsible to insure a personal vehicle used for University business.”
- The driver/vehicle’s personal auto insurance provides primary insurance with minimum liability coverage of \$100,000 per personal/\$300,000 per incident.
- A University accident report must be filed if there are personal injuries to anyone involved in the accident or if non-University property is damaged, other than the driver’s vehicle.
- Driver is personally responsible for any damages as a result of an accident
- If personal automobile is used for travel in Minnesota, mileage or gas will be reimbursed, but not both.
- Employees traveling off site will be reimbursed mileage from point of departure to destination. See Mileage Reimbursement examples in the Appendices in the Traveling on University Business Policy http://policy.umn.edu/sites/policy.umn.edu/files/appendix/travel_appo.pdf
- Google Maps or MapQuest (or the equivalent) from point of departure to destination must be included with reimbursement.

Lodging

- Non-Conference – Domestic or International lodging: May not exceed 150% of the lodging rate for that city, unless pre-approval has been obtained from authorized approver by completing the Request for Domestic Lodging Exception (UM 1636). If the traveler has not obtained prior approval, the overage may be deducted from the reimbursement.
- Conference – Domestic or International lodging: The lodging rate limit does not apply to conference travel when the traveler is paying a pre-negotiated rate that is offered by the conference.

Meals and Incidentals

- Per diem provided for the city traveled to.
- No receipts required UNLESS a hospitality meal is paid for. (Submit Food Form for hospitality meals.)
 - Hospitality meals during business travel are limited to recruitment and donor relations.
- Meals included with a conference will not be reimbursed and should be deducted from per diem amount.
- First and last days of travel will be reimbursed at 75% of the per diem rate. No exceptions allowed per Central.
- Extended Day Travel - Travel over 12 hours, not requiring an overnight stay. Only dinner per diem can be reimbursed on an occasional basis.
- Gratuities for baggage carriers, bellhops and hotel maids are included in incidental portion of per diem and should not be submitted as separate expenses.

International Travel Reporting (Faculty, Staff & Students)

- All international travelers on University business **MUST** report their international travel IN ADVANCE of trip. See Administrative Procedure: <http://policy.umn.edu/finance/travel-proc04>
- Trip information will be managed by Central so University pre-travel assistance can be provided.
- Allows Global Programs and Strategy Alliance (GPS) to provide timely assistance in the event of an in-country crisis (e.g., military action, natural disaster).
- Travelers are responsible for checking their destinations for any Travel Warnings/Alerts before international travel. See <http://travel.state.gov/content/travel/english.html>
- Departments can not require an employee or student to travel on University business to countries that are subject to a Travel Warning.
- Student travelers are required to complete requirements covered in the Administrative Procedure: <http://policy.umn.edu/education/edabroad-proc02>
- Students must sign a standard Release and Waiver and obtain mandatory insurance.
- Students traveling to a country on the U.S. State Department's Travel Warning list must receive approval in advance of travel. See <http://policy.umn.edu/education/edabroad-proc01>

University-wide Contract Vendors for Travel Reservations

<http://uwidecontracts.umn.edu/>

- **Direct Travel (Contract #U131.4)** (see Online Booking options below)
<https://docs.google.com/document/d/1NOD5NVzd7AS5H-01EmB05alSsBi2dixM7qgBC9bXRh4/pub>
- **Metro Travel & Tours (Contract #U131.7)**
<https://docs.google.com/document/d/1zIDD0v204wqpm7xOEFcx-zfHKaHN5HSdwsyXWqFpGX0/pub>
- **Travel Leaders (Contract #U131.6)**
https://docs.google.com/document/d/1Q9Bd_wctzTILUwYL2J7VwEFghvqzgCIXN54tnlwl39w/pub

Online Booking for Travel

There are several options available for booking online reservations for airfare, lodging and car rental.

- Airfare, hotel, and car rental can all be reserved separately or at the same time
- Reduces amount of time spent searching for best price
- Connects to iOS and Android mobile devices
- 24/7 customer support
- **Christopherson Business Travel (CBT)** – <https://travel.umn.edu>
 - <https://legacy.cbtravel.com/business/profile/umn> (Link to registration)
 - Can provide fare savings, time savings, comparison quotes, and emergency assistance
- **Metro Travel and Tours** – <https://travel.umn.edu>
 - Can provide fare savings, time savings, comparison quotes, and emergency assistance
- **Concur** - <https://travel.umn.edu/>

- <https://secure.ctsinc.com/U-of-M-Cliqbook.aspx> (link to Registration)
- Supported by Direct Travel <https://www.dt.com>
- Primarily for domestic travel (To book international, call Direct Travel)

- **Delta** - <https://travel.umn.edu/>
 - Provides 2% - 10% discounts (for business or personal)
 - Must enter Delta.com through links provided on Travel Services website <http://travel.umn.edu/> (Click on "Delta.com For Business Travel")
 - Discount also valid if purchased through one of contracted travel agencies
 - Vendor Info
<https://docs.google.com/document/d/1kx6F87ZN83P3tJOYzUDAk6sjPqMzMUVmkoy8w6TRXHY/pub>

Additions to the Dean's Office Travel Policy

University of Minnesota policy states that travelers must choose the least costly method of transportation that also meets their scheduling needs for business purposes.

Flying vs. Driving

The standard we use in the Dean's Office is a direct flight to destinations outside of Minnesota for the duration of the business purpose. If you choose to deviate from the standard, you need to document, **in advance**, a comparison between a direct flight and your choice of route or mode of transportation. The Dean's Office will reimburse for the lesser of the two. For example:

- Example #1 - If you need to attend a meeting in Chicago and you choose to drive instead of fly, you need to provide documentation of what a direct flight would have been. You can get documentation by going to any travel site and searching for the flight you would have taken to meet your scheduling needs. However, you must do this **in advance** of the dates needed.
- Example #2 - If you need to take an indirect flight for whatever reason, you need to provide documentation that it is less expensive than a direct flight. Again, you can get documentation by going to any travel site and searching for the flight you would have taken to meet your scheduling needs. However, you must do this **in advance** of the dates needed.
- Example #3 - If you are traveling on University business and decide to extend your stay for personal reasons, you must provide documentation of what a flight that would meet your business scheduling needs would cost. We can reimburse you for the lesser of the two. Again, you can get documentation by going to any travel site and searching for the flight you would have taken to meet your scheduling needs. However, you must do this **in advance** of the dates needed.

Please be aware that you run the risk of not being reimbursed appropriately if you do not provide documentation.

Medical School Administration policy regarding the pre-payment of travel expenses

Currently, the policy of Medical School Administration for the pre-payment of travel expenses applies to airfare and conference registration.

The preferred method of paying for airfare and conference registration is via a PCard, with the U Corporate Travel Card, or on a personal credit card.

Although there is no official University policy about the pre-payment of hotel lodging, it is **discouraged**. If lodging is included as part of conference registration and cannot be broken out, then pre-payment is allowable. Pre-payment is discouraged as hotels may have a cancellation penalty if the traveler cancels.

If the traveler cannot pay the lodging fees and a pre-payment is authorized, they will be responsible for any additional fees incurred as a result of pre-payment, e.g. special handling fee for rush check, hotel cancellation, etc.

Appendix A: Standard vs. Professional Services

What is a standard service and what is a professional or consulting service?

Using the correct type of requisition in EFS for the type of service being purchased avoids delays and rework. Each type of purchase order has slightly different terms and conditions and possible tax implications that need to be addressed depending on the type of service being purchased.

The University groups services into three categories:

- standard services
- professional services
- consulting services

STANDARD SERVICES: use the Special Request or Blanket Order requisition

“Off-the-shelf” services that are routinely provided to the general public usually at published rates without significant customizing.

- Firms rather than individuals are likely to provide these services.
- Examples include dry cleaning, extermination services, equipment maintenance, and courier services.

U-Wide Contracts, the procurement card (PCard), departmental POs, and the competitive proposal/RFP process are among the methods available for purchasing standard services.

Standard services requisitions must be entered using:

- A **Special Request requisition** for a simple one time service request. **OR**
- A **Blanket Order requisition** if service will be provided over a time period.

PROFESSIONAL SERVICES: use one of the CPS requisition types

Customized services based on specialized intellectual or creative expertise, often original in character, that are provided for a fee, which may be determined individually with each customer for each contract.

- Individuals and firms are likely to provide these services.
- Examples include artistic design services, editorial services, and executive search services.
- Photography

CONSULTING SERVICES: use one of the CPS requisition types

Advisory services externally contracted for and provided to organizations by specially trained and qualified persons who assist the client organization, objectively and independently, to identify problems, analyze such problems, recommend solutions to these problems, and help, when requested, in the implementation of solutions.

- Individuals and firms are likely to provide these services.
- Examples include management consultants, computer consultants, and investment consultants.

Note: Individuals contracted to perform a professional service must meet IRS guidelines to be hired and paid as independent contractors. Individuals who do not meet IRS guidelines must be hired and paid as University employees. This determination is made by Disbursement Services based on answers provided on the Professional Services Information Sheet (PSIS).

Appendix B: CPS Paperwork Reference Grid

Contract Type	Non-sponsored	Sponsored
<p>Professional Services <\$3000 (formerly VCPS – eliminated Dec 2016)</p> <ul style="list-style-type: none"> Professional services and honorariums less than \$3000 Submit to Cluster as Non-PO with supporting documentation Supplier set up is mandated for anything taxable \$600 or more and for foreign payees 	<ul style="list-style-type: none"> Nonresident Alien Data Collection Worksheet (if applicable) Statement of Work is captured in the requisition's <i>Justification</i> field 	<ul style="list-style-type: none"> Statement of Work (in justification) PSIS – Sections 1 & 4 PSIS – Section 2 & 3 (if applicable) Nonresident Alien Data Collection Worksheet (if applicable)
<p>QCPS (<i>Quick Contract for Professional Services</i>)</p> <ul style="list-style-type: none"> \$3,000-\$24,999 Vendor is not required to sign the contract, however it must be fully approved online by the U <u>and</u> dispatched to the vendor <u>before</u> work begins. A QCPS is a legally binding agreement despite fewer requirements than a regular CPS. 	<ul style="list-style-type: none"> Statement of Work PSIS – Section 1 PSIS – Section 2 & 3 (if applicable) Nonresident Alien Data Collection Worksheet (if applicable) 	<ul style="list-style-type: none"> Statement of Work PSIS – Sections 1&4 PSIS – Section 2 & 3 (if applicable) Nonresident Alien Data Collection Worksheet (if applicable)
<p>CPS (<i>Contract for Professional Services</i>)</p> <ul style="list-style-type: none"> \$25,000 and Over Bidding is required when contract value is \$50,000 and over. Contract must be signed by the vendor and the U before work begins. Vendor may not start work until all required physical and electronic signatures have been obtained by the Procurement Specialist. A CPS is a legally binding agreement. 	<ul style="list-style-type: none"> Statement of Work PSIS – Section 1 PSIS – Section 2 & 3 (if applicable) Nonresident Alien Data Collection Worksheet (if applicable) Exception to Regents Purchasing Policy (if applicable) 	<ul style="list-style-type: none"> Statement of Work PSIS – Sections 1&4 PSIS – Section 2 & 3 (if applicable) Nonresident Alien Data Collection Worksheet (if applicable) Exception to Regents Purchasing Policy (if applicable)
<p>PCPS (<i>Performer Contract for Professional Services</i>)</p> <ul style="list-style-type: none"> Performer, \$3,000 and Over Includes specialized terms and conditions. Contract must be signed by the vendor and the U before work begins. Vendor may not start work until all required physical and electronic signatures have been obtained by the Procurement Specialist. A PCPS is a legally binding agreement. 	<ul style="list-style-type: none"> Statement of Work PSIS – Section 1 PSIS – Section 2 & 3 (if applicable) Performance Agreement Nonresident Alien Data Collection Worksheet (if applicable) Exception to Regents Purchasing Policy (if applicable) 	<ul style="list-style-type: none"> Statement of Work PSIS – Sections 1&4 PSIS – Section 2 & 3 (if applicable) Performance Agreement Nonresident Alien Data Collection Worksheet (if applicable) Exception to Regents Purchasing Policy (if applicable)

Appendix C: Tipping Guide

- Tipping is applicable to the purchase amount before sales tax and delivery charges are added.
- Maximum tip allowed is 20% of the purchase amount. (This does not mean that you always have to tip 20%. If the service was excellent, then 20% might be appropriate. If the service was bad, something less than 20% is appropriate.)
 - Any pre-tax tip < \$1 over 20% max = no adjustment necessary to tip amount
 - Any pre-tax tip > \$1 over 20% max = adjust tip amount down to 20%
- Be aware of any tip (gratuity, service fee, etc.) automatically added to the bill by the restaurant, which is typical when a larger group of people is being served.
- If purchasing a large catering order, then use discretion or consult Finance for guidance in calculating the tip ESPECIALLY if it is “simple catering”.
 - “Simple Catering” is when the food is prepared at the restaurant and delivered to the event location and the tip would be for the delivery person. For example, a \$300 tip (20%) on a \$1,500 catering order from Jimmy John’s would be excessive.

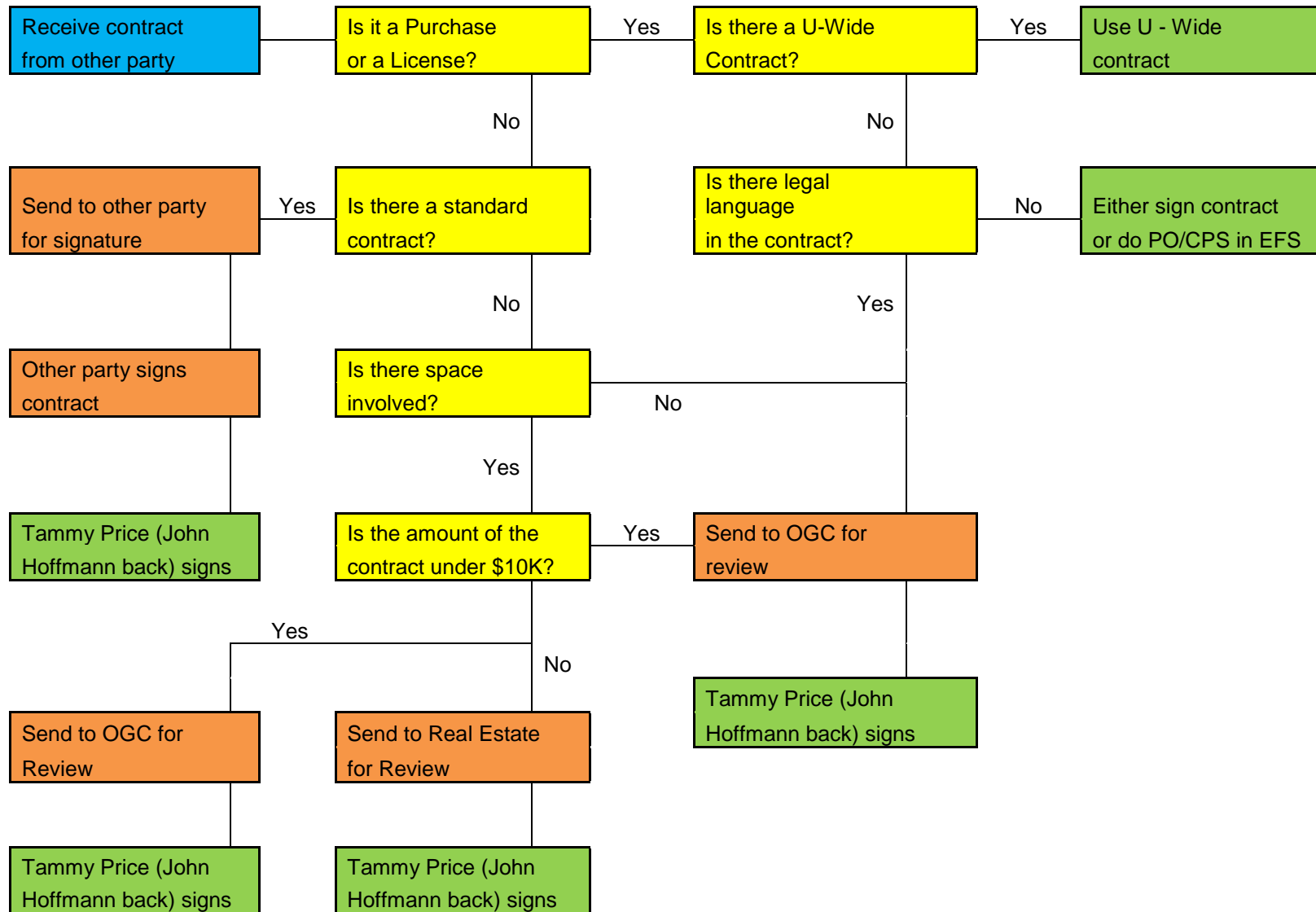
Tipping Recommendations:

- Picking up food at vendor instead of having it delivered – No tip necessary
- Simple Catering
 - Is the delivery person bringing a couple items that only require one trip to delivery location? Or are they required to make several trips to deliver the order? The fewer the trips the less the tip.
 - under \$100: Tip \$5-\$10
 - \$100-\$500: Tip \$10-\$15
 - \$500 and above: Tip \$15-\$20
- Restaurant tipping
 - If service was good - 20% max
 - If service was bad – less than 20%

Appendix D: Payment Request Grid

Type of Payment	Completed by Employee	Completed by Non-Employee	Supporting Documents
Invoices with PO number	Check Request UM1659	W9 - only if supplier information has changed	supplier's Invoice
Invoices without PO number	Non-PO payment form	W9 - only if supplier information has changed	supplier's Invoice
Procurement Cards	n/a	n/a	invoice copy or itemized receipt
Non-Employee Reimbursement	Check Request UM1659	W9 - only if already a supplier and information has changed.	invoice copy or itemized receipt and map of mileage
Non-Employee Speaker Reimbursement	Check Request UM1659	W9 - only if already a supplier and information has changed.	invoice copy or itemized receipt and map of mileage
Non-Employee Speaker Honorariums <\$600.00	Check Request UM1659	W9 - only if already a supplier and information has changed.	n/a
Non-Employee Speaker Honorariums >\$600.00	Check Request UM1659 Statement of Work	W9 - only if new supplier or information has changed.	n/a
International non-employee reimbursement	Non-resident Alien Data Collection Worksheet UM1695	W8 BEN	invoice copy or itemized receipt and map of mileage
International Speaker Honorariums	Non-resident Alien Data Collection Worksheet UM1695	W8 BEN	n/a
Employee Reimbursement	The actual employee must complete, sign and date their own expense worksheet.	n/a	invoice copy, itemized receipt and map of mileage
Employee – Speaker Honorarium	Ask speaker for their employee ID number and send email to Accountant with employee's ID, name, amount and the 5Ws.	n/a	n/a
Professional services < \$3000.00	Non-PO form (if there is an invoice) or Check Request Form (no invoice)	W9 – if more than \$600 and new supplier is needed, or if supplier information has changed	Statement of Work

Appendix E: Contract Process Flow Chart



Appendix F: Conflict of Interest Assessment

UNIVERSITY OF MINNESOTA

Twin Cities Campus

Purchasing Services

Suite 560

1300 South Second Street
Minneapolis, MN 55454-1082

612-624-2828
Fax: 612-624-3410
<http://purchasing.umn.edu>
E-mail: purchas@umn.edu

Conflict of Interest Assessment for Purchases of Goods and Services

Date _____ Requisition _____ PO /
CPS _____

Vendor/Contractor: _____

Contract Amount: _____

Department: _____

Scope of Work or Product to be Purchased:

Description of Apparent Conflict:

Status of Purchase/Contract (has it been awarded):

Status of Purchase/Contract (has work started or product been delivered):

Other Pertinent Information:

Note: Transaction document(s) attached.

Review

Purchasing's Recommendation:

Purchasing's recommendation is not accepted.

Purchasing's recommendation is accepted.

Purchasing's recommendation is accepted with the following addition or modification:

See "Principles Governing Re-Delegation of Presidential Authority, Condition #8 – Authority relating to transactions that raise significant conflict of interest issues may not be re-delegated."

Controller Approval: _____ Date: _____
Controller Approval required for up to \$10,000

Vice President and
Chief Financial Officer: _____ Date: _____
VP/CFO approval required for \$10,000 and over

Policy Links and Contact Information

Finance Website

<http://hub.med.umn.edu/administrative-services/finance>

Forms Library

<http://policy.umn.edu/forms-library>

Purchasing

<http://policy.umn.edu/finance/purchasing>

Policy Post (current updates on University policies)

<http://policy.umn.edu/policies-under-review>

Traveling on University Business

<http://policy.umn.edu/finance/travel>

<https://travel.umn.edu/>

Travel reimbursement rates

<http://policy.umn.edu/finance/travel-appp> (Domestic Travel)

https://aoprals.state.gov/content.asp?content_id=184&menu_id=78 (Foreign Travel)

Reimbursable / Non-reimbursable Travel-related expenses

<http://policy.umn.edu/finance/travel-appj>

Purchasing a Professional Service

<http://policy.umn.edu/finance/professionalservice>

Using the University Procurement Card (PCard)

<http://policy.umn.edu/finance/procurementcard>

Still have questions?

University Helpline:

612-624-1617

controller@umn.edu

<http://finsys.umn.edu/units/helpline/index.html>

Dean's Office Contacts:

Anita Thielman

thiel007@umn.edu

612-626-3142

Jerian Lind

jlind@umn.edu

612-626-3851

Jessie Barrett Amodeo

barre381@umn.edu

612-624-1266

Alison Vail

vailx046@umn.edu

612-626-4367

Approvers in Medical School Administration

Area	Transactional Approvers (Can sign documents)	Budgetary Approvers (Can sign documents)	Travel Approval for Budgetary Approvers
Admissions	Dimple Patel	Dimple Patel	Mark Rosenberg/Tammy Price
Assessment & Evaluation	Claudio Violato/Suzanne van den Hoogenhof	Claudio Violato/Suzanne van den Hoogenhof	Mark Rosenberg/Tammy Price/ Bob Englander
Bequest	Angie McArthur	Angie McArthur	Mark Rosenberg/Tammy Price
Biomedical Sci Grad Program Rec	Jon Gottesman	Jon Gottesman	Yoji Shimuzu/Tammy Price
Clinical Affairs	Tammy Price	Bobbie Daniels	Dean Jackson/Tammy Price
Clinical Ed Dean	Anne Pereira	Anne Pereira	Bob Englander
Curriculum	Anne Pereira/Brad Clarke/Brooke Nesbitt	Anne Pereira/Brad Clarke/Brooke Nesbitt	Mark Rosenberg/ Bob Englander
Dean's Office	Tammy Price	Brooks Jackson	Cynthia Scott (President's Ofc)
Dept Administration	Tammy Price	Pete Mitsch	Dean Jackson
Faculty Affairs	Kerri Miller	Kerri Miller	Dean Jackson/Tammy Price
Finance	Tammy Price	Pete Mitsch	Dean Jackson
Financial Aid	Kristin Basballe	Kristin Basballe	Mark Rosenberg/Tammy Price/ Bob Englander
Global Medical Education & Research	Shannon Benson	Shannon Benson	Mark Rosenberg/Tammy Price
GME	Carol Sundberg	John Andrews	Mark Rosenberg
History of Medicine	Dominique Tobbell	Dominique Tobbell	Dean Jackson/Tammy Price
Human Resources	Pete Mitsch	Pete Mitsch	Dean Jackson
Informatics	Austin Calhoun	Austin Calhoun	Mark Rosenberg/Tammy Price
Learner Development	Scott Slattery	Michael Kim	Bob Englander
MD/PhD	Susan Shurson	Yoji Shimizu	Tucker LeBien/Tammy Price
MEDS (Med Educator Dev & Schol)	Austin Calhoun & Jim Beattie	Jim Beattie	Mark Rosenberg/Tammy Price
Minority Affairs	Mary Tate	Mary Tate	Mark Rosenberg/Tammy Price/ Bob Englander
MMCGME	Troy Taubenheim	Troy Taubenheim	Pete Mitsch/Tammy Price
Mortuary Science	Michael Lubrant	Michael Lubrant	Mark Rosenberg/Tammy Price
Overhead/Facilities	Pete Mitsch & Pat Tuomi	Pete Mitsch	Dean Jackson
Phillips Neighborhood Clinic/ISTOP	Brian Sick	Brian Sick	N/A
Pipeline Programs	Taisha Mikell/Dimple Patel	Taisha Mikell/Dimple Patel	Mark Rosenberg/Tammy Price
Research	Rosalyn Segal	Tucker LeBien	Dean Jackson/Tammy Price
RPAP	Nancy Baker	Nancy Baker	Mark Rosenberg/ Bob Englander
Student Affairs	Michael Kim	Michael Kim	Mark Rosenberg/Tammy Price
Student Council	Treasurer (changes annually)	Treasurer (changes annually)	N/A
Student Events	Michael Kim	Michael Kim	Bob Englander
UME Associate Dean	Bob Englander	Bob Englander	Mark Rosenberg/Tammy Price
Vice Dean	Austin Calhoun	Austin Calhoun	Mark Rosenberg/Tammy Price

SEE NEXT PAGE FOR MORE INFORMATION

Approver Information and Definitions

Budgetary Authority – Develops initial budget and is responsible for making sure expenditures do not exceed budget during the year. Approves rebudgeting of expense categories and is the hiring authority.

Transactional Approver – Works with budgetary authority to set initial budget each year and helps to make sure that expenditures do not exceed budget, basic knowledge of the University and Medical School policies and procedures, approves transactions that are within budget.

Mark Rosenberg has transactional and budgetary approval for OME units as well as travel approval for OME units (except himself)

Tammy Price has been delegated by the Dean to approve for him.

For all OME units, **Austin Calhoun** has budgetary and transactional approver authority.