



<b>Category</b>
<b>POLICY: 4-01 Purchasing Policy</b>
<b>Approval</b>
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Revised:
Responsible Party: Vice President of Finance and Administration

## I. INTRODUCTION

Wichita State University College of Applied Science and Technology’s (WSU Tech) purchasing and inventory control reports to the Vice President of Finance and Administration. This department is committed to providing a high level of customer service to the faculty, students, and staff at WSU Tech while ensuring the purchasing of goods and services is performed in an ethical, compliant, and efficient manner that aligns with regulations in place for use of public funds. Specifically, WSU Tech’s procurement system will meet requirements under the Uniform Grant Guidance outlined in 2 CFR 200 and all applicable state and local laws.

Effective August 2017, the Kansas Office of the Chief Financial Officer revised the Policy Manual to include further guidance on the Statewide Encumbrance Policy. As part of the revision, educational institutions within the state of Kansas and governed by the Kansas Board of Regents were declared exempt from the statutes outlined in KSA 75-3728 – KSA 75-3730. The exemption cites KSA 76-769 as the authoritative statute governing procurement for educational institutions.

Per KSA 76-769(b), Any supplies, materials, equipment, goods, property, printing or services may be acquired by a state educational institution, and any lease of real property may be entered into by a state educational institution. Any such acquisition or lease shall be in accordance with policies adopted by the state board and shall NOT be subject to KSA 75-1005, 75-3737 through 75-3741b, 75-3742 through 75-4744, and 75-37,130 through 75-37,134 and amendments thereto, or any rules and regulations or policies adopted thereunder.

Chapter II, Section D, Number 15 of the Kansas Board of Regents Board Policy Manual describes purchasing pursuant to KSA 76-769 and allows each educational institution to determine its own thresholds for competitive bids (II.D.15.b.ii). As such, these guidelines are used in conjunction with the federal Uniform Grant Guidance as the guiding principle for WSU Tech’s purchasing and procurement policies and procedures.

**Role of Business Partner - Finance:** The role of the Business Partner - Finance is to assist authorized college personnel with the purchasing processes and ensure compliance is maintained with the purchasing policy. The Business Partner - Finance will work with purchasing departments to help determine the best vendor and pricing when applicable. It is not the responsibility of the Business Partner - Finance to solicit the appropriate bids or recommend the desired vendor.

**Contact Information:**  
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## II. METHODS OF PURCHASING

There are two methods that can be used to purchase goods, materials or services:

- 1) Purchase Order
  - a. The purchase order (PO) process allows a requestor to place orders for goods and services with vendors outside of the college. **Purchase orders must be obtained before ordering goods and services.** A copy of the properly approved purchase order will be given to the vendor at the time of ordering.
    - i. To obtain a Purchase Order, the requester completes a Purchase Requisition (PR) for all goods and services being ordered.
    - ii. After the PR is routed through the applicable approval process, a PO is generated from the approved PR (see below for approval limits).

**\*\* Note: Requestors are required to work with the appropriate authorized budget owner to verify that sufficient budget funds are available to them before submitting a PR.**

- 2) Direct Payment Voucher
  - a. Direct Payment Vouchers are used for one-time purchases where the college has not entered into a contract until the check is submitted for payment or timing could not support establishing a PO in advance such as unexpected facility or maintenance failures requiring immediate resolution.
    - i. Payment voucher is completed with applicable documentation attached (i.e. invoice).
    - ii. Payment voucher is routed through the applicable approval process (see below).

### III. APPROVAL PROCESS REQUIREMENT

All College purchases are required to be approved based on the authorized approval levels below. In addition, certain supporting documentation is required to be provided at the time of purchase request to utilize College funds (internal or external). In each of the following scenarios, the VP of Finance and Admin can have the explicit authority (must be approved in writing or other form proving VP of Finance and Admin's approval) to override a policy requirement as long as the reason for the override has appropriate justification, properly supporting that due diligence has been made to follow the policy but circumstances have prohibited the compliance with these requirements, and the override documentation is provided as a permanent supporting file with the transaction.

Preparers of transactions will submit documents through the appropriate channels that will route to the following Authorized Approver. Preparers are, at a minimum, responsible for ensuring the business purpose is complete and accurate, proper support is provided, and that the transaction is submitted for approval in a timely manner.

#### AUTHORIZED APPROVAL LEVELS

Level 1	Level 2	Level 3	Level 4
\$0-\$9,999	\$10,000-\$49,999	\$50,000-\$249,999	\$250,000 or more

Please refer to Appendix A of this Policy 4-01 for those individuals who are approved by Finance as Authorized Approvers at each level.

Authorized Approvers can only be assigned and approved through Finance. Authorized Approvers assume the task of reviewing transactions submitted to them based on the assigned dollar thresholds above. Transactions will flow to the appropriate level based on the amount of the transaction.

Delegates can only be provided within the Level 1 approval level and must be a Business Partner and approved through Finance. The role and responsibility of an Authorized Approver is as follows:

- Review all transactions routed to them for approval using judgement on the reasonableness of the transaction
- Ensure each transaction is appropriately supported with the required documentation for the purchase and adequately described as to the underlying expense
- Must maintain an adequate level of understanding of College policies and procedures
- Must maintain an adequate level of understanding of the transaction's budget requirements to ensure funding is available prior to approval
- Attend annual training with Finance and Budget to keep up to date on policy and procedural changes and ensure those changes are adequately communicated to all individuals who purchase, prepare, or approve transactions within their respective reporting structure

The following information provides the required supporting documentation for each purchase.

**NOTICE TO ALL:** Purchases utilizing grant funds shall be required to follow College policies unless an item is explicitly required by the Granting Agency to be more restrictive than the below policy. If a grant does require a more restrictive policy, those processes must be followed to utilize the funds.

#### REQUIRED SUPPORTING DOCUMENTATION

- 1) **\$0 - \$9,999** : Micro purchases in **Level 1** are considered informal by the federal government and shall adhere to the following guidelines:

- a. Price quotes do not follow a formal requirement provided the following conditions are met. However, price quotes may be requested at the discretion of any approver to verify and validate compliance with the following guidelines.
  - b. End users will seek proper departmental review and approvals by an authorized Level 1 approver.
  - c. Prices should be reasonable, align with strategic priorities, and should have budgetary resources in place to support the purchase prior to request/order.
  - d. Grant related purchases will also be reviewed and approved by the appropriate project director/principal investigator prior to executing a purchase.
    - i. If a grant does require a more restrictive policy, those processes must be followed to utilize the funds.
  - e. Purchases related to certain repair and maintenance, equipment, and software may also require approval by the authorized parties of the Facilities and/or IT department where applicable.
  - f. To the extent possible, departments are required to make all reasonable efforts to promote diversity in vendor selection and usage throughout the fiscal year to those that can provide similar products or services being purchased. For example, if pricing is equitable between vendors and the department will make several purchases throughout the year for like goods or services, it is recommended to rotate vendor usage where possible between the vendors. (2CFR 200.320(a)(1)(i))
- 2) **\$10,000 - \$49,999** : Micro purchases in **Level 2** are considered informal by the federal government and shall adhere to the following guidelines:
- a. Price quotes shall require a **Two Quote** Minimum, Sole Source Justification, State Contract or Cooperative Agreement to satisfy one of the following:
    - i. Two quotes must be provided from separate vendors. Quotes can be official quotes from a vendor, pricing printouts from published vendor pricing books or websites, and any other official notice from the vendors stating price. The Business Partner - Finance can assist in determining if a quote will meet the required criteria.
      - 1. If Two quotes are unable to be obtained, proper documentation must be provided to the Business Partner – Finance to validate adequate attempts made to achieve two quotes during approval process.
    - ii. Sole Source Justification may be used in the event there:
      - 1. Is only one vendor that produces/provides the good or service or is the only vendor that can provide the good or service in the timeframe required. Documentation showing the research performed to verify these justifications shall be attached to the PR and is subject to review/audit by the Business Partner - Finance.
      - 2. Is only one vendor that can provide the needed good or service that will allow for compatibility/consistency in existing College assets and resources.
    - iii. State Contracts and Cooperative Agreements can be leveraged in place of receiving additional quotes or sole sourcing.
      - 1. State Contract numbers must be noted in the request. The Business Partner - Finance can assist in providing the correct contract for documentation purposes.
      - 2. To determine if a COOP is available, these must be coordinated through the Business Partner - Finance and shall be included in the supporting documentation for the request.
  - b. End users will seek proper departmental review and approvals by an authorized Level 2 approver.
  - c. Additionally, all purchases \$10,000 or more shall be reviewed by the Business Partner – Finance.
  - d. Grant related purchases will also be reviewed and approved by the appropriate project director/principal investigator prior to executing a purchase.
    - i. If a grant does require a more restrictive policy, those processes must be followed to utilize the funds.

- e. Purchases related to certain repair and maintenance, equipment, and software may also require approval by the authorized parties of the Facilities and/or IT department where applicable.
  - f. Departments are required to make all reasonable efforts to promote diversity in vendor selection and usage throughout the fiscal year to those that can provide similar products or services being purchased. For example, if pricing is equitable between vendors and the department will make several purchases throughout the year for like goods or services, it is recommended to rotate vendor usage where possible between the vendors.
    - i. If preferred, Level 2 purchases can be posted through a formal request for proposal/bid process to ensure diversity in vendor selection and price equity is maintained.
- 3) **\$50,000 - \$249,999** : Micro purchases in **Level 3** are considered informal by the federal government and shall adhere to the following guidelines
- a. Price quotes shall require a **Three Quote** Minimum, Sole Source Justification, State Contract or Cooperative Agreement to satisfy one of the following:
    - i. Three quotes must be provided from separate vendors. Quotes can be official quotes from a vendor, pricing printouts from published vendor pricing books or websites, and any other official notice from the vendors stating price. The Business Partner - Finance can assist in determining if a quote will meet the required criteria.
      - 1. If three quotes are unable to be obtained, proper documentation must be provided to the Business Partner – Finance to validate adequate attempts made to achieve three quotes during approval process.
    - ii. Sole Source Justification may be used in the event there:
      - 1. Is only one vendor that produces/provides the good or service or is the only vendor that can provide the good or service in the timeframe required. Documentation showing the research performed to verify these justifications shall be attached to the PR and is subject to review/audit by the Business Partner - Finance.
      - 2. Is only one vendor that can provide the needed good or service that will allow for compatibility/consistency in existing College assets and resources.
    - iii. State Contracts and Cooperative Agreements can be leveraged in place of receiving additional quotes or sole sourcing.
      - 1. State Contract numbers must be noted in the request. The Business Partner - Finance can assist in providing the correct contract for documentation purposes.
      - 2. To determine if a COOP is available, these must be coordinated through the Business Partner - Finance and shall be included in the supporting documentation for the request.
  - b. End users will seek proper departmental review and approvals by an authorized Level 3 approver.
  - c. Additionally, all purchases \$10,000 or more shall be reviewed by the Business Partner – Finance.
  - d. Grant related purchases will also be reviewed and approved by the appropriate project director/principal investigator prior to executing a purchase.
    - i. If a grant does require a more restrictive policy, those processes must be followed to utilize the funds.
  - e. Purchases related to certain repair and maintenance, equipment, and software may also require approval by the authorized parties of the Facilities and/or IT department where applicable.
  - f. For all intents and purposes, purchases up to \$50,000 are considered to qualify as micro-purchases as defined in 2 CFR Part 200. Purchases over \$50,000 are deemed to be above the institutional set threshold for micro-purchases.
  - g. Departments are required to make all reasonable efforts to promote diversity in vendor selection and usage throughout the fiscal year to those that can provide similar products or services being purchased. For example, if pricing is equitable between vendors and the

department will make several purchases throughout the year for like goods or services, it is recommended to rotate vendor usage where possible between the vendors.

- i. If preferred, Level 3 purchases can be posted through a formal request for proposal/bid process to ensure diversity in vendor selection and price equity is maintained.

4) **\$250,000 and greater** : Purchases in Level 4 are considered formal purchases that exceed the federal government's simplified acquisition threshold and shall adhere to the following guidelines:

- a. Purchases must follow a formal competitive request for proposal (RFP)/bid process and will be made available for public response for a minimum of 14 calendar days or 10 business days.
  - i. Requestors shall provide specifications to the Business Partner - Finance. The requestor and Authorized Approver for the purchase shall work with the Business Partner - Finance to complete the RFP form, ensuring the information provided will adequately allow for competitive responses, without vendor preference limitations.
  - ii. Specifications shall include items such as size, length, capacity, model numbers, required timeframe, and electrical requirements. Requestors will have the responsibility for ensuring specs are accurate for the required needs. Please see Preparing Specifications for Formal Bidding Process following this section.
  - iii. Vendors will have a minimum of 14 days or 10 business days to respond to the RFP/bid. Upon closing of the RFP/bid, the requestor, Authorized Approver and Business Partner - Finance will work together to evaluate the responses and complete a Bid Tabulation Sheet scoring all respondents.
  - iv. During the open public response period, all communication between the bidding institutions and the College shall be provided through the Business Partner – Finance.
  - v. All bidding institutions shall be provided equal opportunity during the RFP/bid period.
  - vi. Once a final vendor has been selected, the Business Partner - Finance will provide a written response to the bidders as to their results (awarded or not awarded the bid).
  - vii. Any or all bids/proposals may be rejected if sound, documented reason is documented and approved by the requestor, Authorized Approver and Business Partner – Finance.
  - viii. All final forms from the winning RFP/bid shall be included as supporting documentation for the Purchase Requisition.
  - ix. The Business Partner – Finance shall maintain records of all public postings.
  - x. In the event of operational criticality, the VP of Finance can authorize a shortened RFP public response window of 5 business days. This authorization must be documented in writing and included as part of the RFP supporting documentation.
- b. End users will seek proper departmental review and approvals by an authorized Level 3 approver.
- c. Additionally, all purchases \$10,000 or more shall be reviewed by the Business Partner – Finance.
- d. Grant related purchases will also be reviewed and approved by the appropriate project director/principal investigator prior to executing a purchase.
  - i. If a grant does require a more restrictive policy, those processes must be followed to utilize the funds.
- e. Purchases related to certain repair and maintenance, equipment, and software may also require approval by the authorized parties of the Facilities and/or IT department where applicable.

#### **Preparing Specifications for Formal Bidding Process:**

Specifications are developed with the goal of accepting the best overall bid using many factors such as capability of meeting stated specifications, lowest price for a good or service, history with the college, and quality of past work. Delivery of the good or service shall be within a timeframe that is reasonable for the industry under current market conditions and meets the college's need.

In obtaining material or equipment which meets the requirements for performance and quality, the preparation of clear and complete specifications is essential. Specifications may be as simple as a list of requirements that could be described over the telephone, or very complex requiring detailed explanation in writing. The Business Partner - Finance can assist in the preparation of specifications upon request.

In general, specifications should be as simple as possible, while specific enough to assure that no loophole exists by which a vendor may take advantage of competitors or the buyer. Specify the brand and model number of the desired equipment (e.g, Model 351OD ATT facsimile or equivalent), including the names and model numbers of two or more manufacturers whenever possible. Identify the features and/or characteristics considered essential to the function or intended use of the product. Flexible specifications allow more competition and better pricing.

Specifications should be edited for nonessential proprietary features or characteristics of the named brands which tend to effectively exclude competition in bidding. Minor deviations in size and operational characteristics from those set forth in the specifications will be considered when such deviations do not deter the user from accomplishing the intended use or function at the desired level of performance.

Contractors that help develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing in such procurements (2 CFR 200.319(b)).

#### **Price Quotes:**

Departments should always contact more than one vendor whenever possible and will provide each with the same information to obtain multiple price quotes. A best practice for this is through a written specification sheet that is sent to all potential bidders (See Preparing Specifications above).

Inform sales representatives that several sources are being evaluated, but do not discuss the amount budgeted for the purchase or prices offered by competitors. Discuss all aspects of the needed product using a life-cycle approach. Learn about the long-term implications of owning the product with respect to reliability, availability, and cost of maintenance and repairs, operational skills required for its use, trade-in-value of unit at the end of cycle, energy consumption, and other such operating concerns. Be wary of overreacting to vendor-created crises that call for a hasty decision such as an upcoming price increase or potential stock-out of the desired product and do not offer verbal commitments to buy (the college is committed only by means of an authorized purchase order). The purchase requisition should be submitted as early as possible and should include pertinent information about the suggested vendor such as the name of the company, their representative, address, and telephone and fax number.

#### **Purchases More than \$125,000:**

For purchases more than \$125,000, no additional orders for like products or services (which would make the overall aggregated spend exceed the \$250,000 limit) can be placed to the same vendor within 30 days of each other without prior approval from the Executive Director, Finance or VP, Finance and Administration. If the aggregated spend exceeds the \$250,000 limit, the purchase – regardless of amount – shall be subject to the requirements stated previously for items \$250,000 or greater.

The Business Partner - Finance may conduct periodic audits to determine whether or not items are being purchased that are available from college sources or from state-contracted vendors, unauthorized items are being purchased, and/or purchases are being split up into increments of less than \$250,000 (in order to bypass procedures for larger purchases).

#### **State Contracts for Supplies and Services:**

Contracts for commonly used goods and services have been developed by the State of Kansas Division of Purchases. State contracts for commonly used equipment and materials can be utilized unless it can

be clearly demonstrated that an alternative purchase would be in the best interest of the college. Approval by the Business Partner - Finance prior to acquisition is required when deviating from this policy. A copy of the state contract should also be attached to any PRs where a Sole Source Form references a state contract as justification.

A complete listing of state contracts can be found at [Kansas eSupplier Public Portal](#) or you may contact the Business Partner - Finance to assist.

## **IV. GENERAL PURCHASING POLICIES**

### **Records:**

The college will maintain records sufficient to detail the history of procurement. These records will include, but are not limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection and the basis for the contract price.

### **Computers/Software/IT Equipment:**

All purchases for computers, software and IT equipment may also require approval by the authorized parties of the IT department where applicable in addition to the normal approval chain.

### **Facilities / Operations / Installations/ CAPEX:**

All purchases for repairs and maintenance (R&M), machinery, and furniture, fixtures and equipment (FF&E) may also require approval by the authorized parties of the Facilities department where applicable in addition to the standard required approvals.

### **Purchases \$10,000 or greater:**

All purchases of materials and contractual services in the amount of \$10,000 or more must be routed to the Business Partner - Finance in addition to the normal approval chain.

### **Items Acquired for Personal Use or Purchased from College Employees:**

The college cannot purchase items for individuals for their personal use, and as a general policy, no college purchase orders will be awarded to college employees without a written waiver approved by the appropriate Vice President and Vice President of Finance and Administration.

### **Vendor Information:**

The college will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources and will be verified through Sam.gov.

Individual department managers should maintain current information on vendor products and evaluate them based on quality, service, delivery practices and price. Department managers should also explore new and improved sources of supplies, materials, processes, and ideas which will better serve the needs of the college. The Business Partner - Finance will function as a clearing house for best practices and vendors for all college departments and should be included if you have any questions.



### **Vendor Suspension and Debarment:**

WSU Tech is prohibited from contracting with or making subawards for transactions to parties that are suspended or debarred or whose principals are suspended or debarred by the federal government. The College will assure compliance to this federal regulation via confirmation from the Federal System for Award Management (SAM).

It is the responsibility of each department/requestor to verify each vendor with SAM.gov before submitting a purchase requisition, DPV or signing a contract. The Business Partner - Finance will serve as an additional level of verification for all purchases over \$10,000.

### **Small, Minority, Women and Disabled Veteran's Businesses:**

The college shall support small, minority, women and disabled veteran owned businesses in the bid solicitation process by allowing these businesses to file their certification during the bid process along with the appropriate form.

### **Domestic preferences for procurement:**

The college shall support local, state, and domestic vendors with higher priority wherever possible.

### **Used Equipment:**

The college does not generally purchase used equipment. However, if it can be demonstrated that it is advantageous to do so, used equipment may be purchased from an established and reliable vendor of the type of equipment to be purchased. Normal purchase procedures are required for this type of purchase.

### **Contractual Agreements:**

Only an Executive Director or higher can approve extended contracts with a vendor. Any contract less than \$10,000 and expires within one year must be signed by the appropriate Executive Director (or higher) prior to execution. Any contracts lasting for more than one year's length, includes renewable options (automatic or written), or is more than \$10,000 requires approval from the VP of Finance and Admin prior to execution. A copy of all final executed contracts must be sent to the Business Partner - Finance/Finance for record retention purposes. Please refer to Policy 4-23 – Contract Approvals for additional guidance.

Contractual Service Agreements must be documented by a formal written agreement including a Contractual Provisions Attachment (DA-146a). Each department will work with leadership regarding preparation of any contract. Contractual service and appropriate documents shall be signed in accordance with the Contract Policy.

### **Best Practices for Ordering:**

The Business Partner - Finance has authority to challenge an ordering department concerning the quality, quantity, and type of material requested to serve the best interests of the college. However, the final decision and the responsibility for justification of the quality and quantity rests with the requesting department. A department will not be asked to accept inferior products, but rather to sufficiently evaluate recommended alternatives.

### **Follow-up on a Purchase Order:**

The acquiring department will follow up and expedite delivery of purchased goods and/or services.

### **Procurement Card (PCARD):**

Purchases on a College issued PCARD shall follow the above policy in addition to those established in policy 4-18 Procurement Card Policy.

### **Purchases made with Grant Funds:**

All purchases of goods or services covered by grant funding must be approved by the Grant Project Manager in addition to the normal approval flow. A purchase order must be issued prior to engaging in grant funded purchases. WSU Tech will comply with the procurement standards set forth under the Code of Federal Regulations (CFR) as well as any additional restrictions specific to each individual grant. Contact a member of Finance for allowable costs under the CFR.

Subcontracting under grants will require the same processes/approvals as the college and any other funding authority. The principal investigator (PI) and grant management team will develop the subcontract in cooperation with the Business Partner - Finance as needed. Upon approval, the PI will obtain signatures of the subcontractor and the authorized signatory of the college. Work will begin only after completion of the contract. The PI will create reports and monitor progress of the subcontractor. Request for payment to subcontractors must be approved by the PI and grant management team. Approval by PI attests that the subcontractor has met all scheduled requirements under the contract in a manner that represents satisfactory technical/services/production criteria of the contract and monetary value is within budget and all supporting documentation has been received according with normal purchasing and contracting policies.

### **Exemptions:**

Exemption for Sales Tax: Purchases made by WSU TECH are generally exempt from state sales tax. Any questions on sales tax exemption should be directed to the finance department.

Project Exemption Certificates: All Project Exemption Certificates must be in place prior to work starting on the project. Any questions on project exemption certificates should be directed to the facilities and finance departments.

### **Conflict of Interest:**

The College has policies and the State of Kansas has statutory laws covering gratuities and conflicts of interest which provide that, among other things, no employee or board member in his or her capacity shall participate in the making of a contract with any person or business with which the employee or board member has a substantial interest. No employee of WSU TECH may accept gifts, gratuities, or special discounts from persons or firms having business with the college. A gift is defined as an item in excess of \$25 (or \$75 total in any year). Gifts exclude items of modest value including plaques, certificates, trophies, food, refreshments, and business meeting registration, charity event registration or greeting cards. This applies to all individuals on the payroll, regardless of the type of funds used (general use, restricted fees, research, endowment, etc.). Only gifts donated to the college through the WSU TECH Foundation are acceptable.

### **Receiving, Inspection, and Acceptance of Merchandise:**

Receiving, inspection, and acceptance of goods transported by common carrier are the responsibility of the acquiring department. All UPS shipments are delivered directly to the loading dock. As merchandise arrives at the delivery point, it should be received and inspected without delay. Acceptance of merchandise occurs when the receiver signs the carrier's bill of lading or other delivery document. Any

shortages, overages, evidence of damage, or other inconsistencies must be clearly noted and outlined by the receiver on the carrier's bill of lading or other delivery document. If merchandise is accepted without notation of inconsistencies, or if evidence of damage is not noted, the college is at risk of losing their rightful claim to reimbursement, credit or replacement.

When receiving personnel are unable to determine the validity of grade certificates or other certification regarding the quality of the goods received, the items in question should be received for storage only pending clear certification.

On F.O.B. destination shipments, the seller owns the goods while in transit, and title does not pass on to the college until the merchandise has been received and accepted in satisfactory condition. The receiver must carefully note any inconsistencies or evidence of damage and immediately notify the vendor to establish his claim. On F.O.B. shipping point transactions, the receiver should exercise the same care in receiving, inspecting, and accepting because the college owns the merchandise while in transit and is responsible for filing the required claims.

### **Concealed Damage:**

When merchandise has been received and accepted with no evidence of damage being apparent and detailed inspection of the merchandise is not feasible at the time of delivery, but is performed at a later time, any damage discovered is referred to as concealed damage. Claims for concealed damage are most difficult to resolve because ownership responsibility has changed, the merchandise has been handled several times, acceptance without notation of damage has occurred, and responsibility for the damage is almost impossible to establish. Recourse action for agencies is limited and becomes more limited when merchandise is moved from the receiving area to another location or if there is a lapse of time before such damage is discovered. When the vendor, the carrier, and the agency all refuse to take full responsibility for the damage, the possibility exists that all carriers involved in moving the merchandise may share the cost.

In order to reduce the possibility of concealed damage, request that merchandise deliveries such as furniture or machinery, be shipped F.O.B. destination, uncrated, set-up or erected and ready for use in a specific location. Avoid moving crated or carton-packaged merchandise from the receiving area prior to detailed inspection and perform the detailed inspection as soon as possible after receipt of merchandise (within three to seven days). Report discovery of concealed damage to the carrier and request an inspection, then notify the vendor.

### **Freight and Express Payments:**

Normally freight charges are included in the purchase order and designated as F.O.B. destination prepaid and allowed. Departments should closely analyze all freight invoices in comparison with the purchase order and price quote to determine their responsibility for payment. Identify each shipment to the related freight or express bill and to the related order. Write the account number and department name on the freight or express bill when the shipment is received.

Regulations of the Interstate Commerce Commission provide for the payment of freight within seven days after the bill is rendered, unless special arrangements are made with the carrier. Prepare an invoice/approval form to pay each original freight bill the college is obligated to pay, according to the terms of the purchase order. Contact the Business Partner - Finance whenever a shipment is received "collect" that should have been "prepaid" in accordance with the purchase order. Do not pay any freight charges which are the contractual responsibility of the supplier.

### **Settlement of Issues:**

The College is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements.

These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the College of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the College unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

**Guidelines for Installment Purchases:**

While installment purchasing can be used to meet college needs when adequate funding is not immediately available, such purchases must be carefully monitored if the college is to maintain adequate financial flexibility for the future. The following guidelines have been developed to monitor the use of installment purchases. All future installment purchases utilizing vendor financing, third-party financing, or master lease purchase program financing must meet the following requirements:

1. The purchased items must be equipment - not consumable.
2. The purchase amount should exceed \$10,000 per unit.
3. The finance period must not exceed 60 months.
4. Source of funding for installment payments must be specified.
5. Prior approval of the terms of the financing transaction for all proposed installment purchases must be obtained from the Vice President of Finance and Administration.
6. All applicable purchasing laws, regulations and policies must be followed.

**V. Exhibit A**

## Purchase Requisition Approval Process

Purchase Amount	Quote/Bid Requirements	Approvals Needed		
< \$10,000	No Formal Requirements	Level 1		Grant Related – Grant Project Mgr
\$10,000-\$49,999	2 Quote Minimum*	Minimum of Level 2	Business Partner - Finance	
\$50,000-\$249,999	3 Quote Minimum*	Minimum of Level 3	Business Partner - Finance	
\$250,000 +	RFP or Sealed Bid	Level 3	Business Partner - Finance	

\*Where sufficiently justifiable, Sole Source, State Contracts, and Cooperative Agreements may be utilized.

## Contract Approval Process

Contract Amount	Contract Length	Department VP/ED	VP of Finance & Admin	WSU Tech President	WSU Pres. or WSU Tech Advisory Board.
< \$10,000	< 1 Year	✓			
< \$10,000	> 1 Year		✓		
> \$10,000	> 1 Year		✓		
>\$250,000	>1 Year		✓	✓	
> \$500,000	> 5 Years				✓

If Renewable Options (automatic or written notice) exist in any contract, the contract must be signed by the VP of Finance & Admin.