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SECTION 1: POLICY STATEMENT AND PURPOSE

This policy outlines the practices for the responsible purchase of all goods and services for Drury University, except as noted in the next paragraph. The policy addresses ethical practices, purchasing methods, competitive bidding, approval of purchase transactions, restricted purchases, signatory authority, and sales tax issues.

Purchases not covered by this policy include investment management services; legal, tax, accounting, and external auditing services; architectural, engineering, and construction services; insurance; employee benefit programs; real estate; services relating to intellectual property rights; and subcontracting. (See Related Items: Policies below.)

Individuals within the University community are expected to act as stewards of University funds when making purchases. Responsible expenditure of University funds requires the proper consideration of price, quality, reliability, service and delivery terms, and compliance with donor and sponsor requirements. To this end, Drury University will incur or reimburse expenses that are:

- For a University business purpose;
- Reasonable and necessary;
- Aligned with the University's best business practices;
- Aligned with the University's strategic imperatives and campus master plan;
- Properly documented, approved, and submitted; and
- Compliant with federal, state, and local laws.

SECTION 2: PURCHASING METHODS

- A. The University employs various methods of purchasing for University business, listed below in order of preference:
1. Accounts Payable system (see guide 405.201G1: Payments & Reimbursements)
 - a. Employees/students submit an invoice to Accounts Payable which is paid by check, electronic fund transfer, ePayables card, or wire transfer.
 2. University credit card (named or temporary) (see policy 405.202P: University Credit Cards)
 - a. Employees/students directly pay a vendor with a named or temporary University credit card.
 - b. Increases the University's credit/purchase card rebate.
 3. Cash advance through Accounts Payable (see guide 405.201G1: Payments & Reimbursements)
 - a. A requested check made payable to an employee is cashed so that cash may be used for the purchase.
 - b. The employee's personal University account is billed for the entirety of the request until receipts for the purchase are received and processed by the Business Office.
 4. Employee/student reimbursement of **small (under \$50)** (see guide 405.201G1: Payments & Reimbursements)
 - a. Employees/students submit receipts to the Business Office for reimbursement.
 - b. Strongly discouraged.
 - c. Sales tax paid by individuals will not be reimbursed.
- B. Purchases made on behalf of student organizations using funds from an agency account (see policy 405.001P: General Ledger for definition of agency accounts) should be made on a University credit card to the fullest extent possible.

1. Such purchases will be exempt from the purchase order policies below, as students must gain spending approval via Form 404.202F3: Student Credit Card Request before a card will be issued.
2. In situations in which a University credit card will not be accepted, student organizations should seek assistance from the University’s Business Office to secure payment for the vendor using one of the alternate methods in Section 2A above. For all such non-credit card transactions the policies related to purchase orders shall be in effect.

SECTION 3: PURCHASING OVERVIEW

A. The manner in which the University approves a purchase depends on multiple factors, including cost, purchase order requirements, bid requirements, etc. Below is a summary of approval thresholds for University purchases.

Purchase Threshold	Purchase Approver	PO Required	Bid Required	Policy Reference
\$1-499	Budget Manager/Dept. Chair	No	No	Section 4 below
\$500-1,499	Budget Manager + Budget Manager’s Supervisor (e.g., dean)	Yes	No	Section 4 below
\$1,500-4,999	Budget Manager + Budget Manager’s Supervisor + Divisional Vice President/Executive Dir.	Yes	No	Section 4 below
\$5,000-99,999	Budget Manager + Budget Manager’s Supervisor + Divisional Vice President/Executive Dir.	Yes	Yes	405.102P: Competitive Bidding
\$100,000-249,999	Budget Manager + Budget Manager’s Supervisor + Divisional Vice President/Executive Dir. + Chief Financial Officer	Yes	Yes	405.102P: Competitive Bidding
\$250,000-499,999	Budget Manager + Budget Manager’s Supervisor + Divisional Vice President/Executive Dir. + Chief Financial Officer + President	Yes	Yes	405.102P: Competitive Bidding
\$500,000-999,999	Budget Manager + Budget Manager’s Supervisor + Divisional Vice President/Executive Dir. + Chief Financial Officer + President + Board of Trustees Financial Affairs Committee	Yes	Yes	405.102P: Competitive Bidding 400.000P: Bylaws
\$1,000,000+	Budget Manager + Budget Manager’s Supervisor + Divisional Vice President/Executive Dir. + Chief Financial Officer + President + Board of Trustees Financial Affairs Committee + Full Board of Trustees	Yes	Yes	405.102P: Competitive Bidding 400.000P: Bylaws

B. Splitting/Pyramiding Transactions

1. Splitting one purchase into two or more purchases – also known as pyramiding – in order to avoid purchase authorization, competitive bidding, or spending thresholds is prohibited.
2. Persons found splitting purchases to circumvent policy will have their authorization thresholds reduced to \$0 (meaning that pre-authorization will be required for **all** purchases), and may be subject to other disciplinary measures.

SECTION 4: PURCHASE ORDER SYSTEM OVERVIEW

A. Drury's purchase order (PO) system is designed to require budget managers and division heads to approve expenditures before they are made and to track encumbrances against departmental/divisional budgets.

POs are issued prior to the placement of an order.

B. A PO must be used to authorize and encumber all purchases over \$500 (except purchases of travel fares and hotel expenses, which should adhere to policy 405.103P: Travel Expenses).

1. POs are not necessary for orders less than \$500 unless required by the vendor.
2. Splitting purchases to avoid the \$500 PO threshold is a violation of policy.

C. Process:

1. Before beginning a Purchase Order Requisition (POR), the requester must complete form 405.101F1: Purchasing Checklist **OR** form 405.102F1: Competitive Bidding Analysis and Vendor Justification, in accordance with policy 405.102P: Competitive Bidding.
2. The requester will submit a POR through the purchasing system in MyDrury.
 - a. In special circumstances (e.g., purchases in multiple fiscal years, etc.; see guide 405.101G1) a hard copy POR (form 405.101F2) will be submitted to Administrative Services for manual entry in Jenzabar EX.
3. Once a POR receives final approval, a PO is created and the requester is notified by email that they may download a pdf.
4. The requester transmits a copy of the PO to the vendor to place the order.
5. The creation of a PO will generate an encumbrance of the PO amount on the general ledger account(s) specified on the POR. This encumbrance will be relieved when the invoice is paid through Accounts Payable or manually unencumbered by Administrative Services. Budget officers should examine their budgets throughout the fiscal year to ensure that all PO encumbrances are removed.

SECTION 5: CENTRALIZED PURCHASING/PURCHASING DELEGATION

- A. In order to maintain University standards, avoid duplication, obtain optimal pricing, and operate more efficiently, some types of expenses are centralized in, or delegated to, certain departments. The University may alter this list at its discretion at any time.
- B. **These expenses are prohibited for purchase by individual employees or departments, except as listed below:**

ITEM	AUTHORIZED DEPARTMENT	ADDITIONAL POLICY
Condolence, congratulatory, and celebratory goods and services for individuals <ul style="list-style-type: none"> E.g., deaths, marriages, births, promotions, etc. 	University Advancement	405.108: Gifts from the University
Employee recognition items <ul style="list-style-type: none"> E.g., awards, prizes, retirement gifts, etc. 	Staff: Human Resources Faculty: Academic Affairs Retirement: Administrative Services	405.108: Gifts from the University
Donations to other non-profit organizations <ul style="list-style-type: none"> E.g., Cash donations, purchases of tables at charitable events, team sponsorships, etc. 	University Advancement	405.108: Gifts from the University
Employee business cards	Marketing & Communications	
Marketing and advertising goods and services <ul style="list-style-type: none"> Excludes purchases <\$500 of small promotional “give-away” items (e.g., pens, etc.). <ul style="list-style-type: none"> Any such excluded promotional items still must conform to University design standards as set by Marketing & Communications. 	Marketing & Communications	Policy in Development
Computing equipment, communication devices and major software.	Technology Services Information Systems	405.106P: Computing Hardware and Software Procurement
Discount clubs and purchasing memberships <ul style="list-style-type: none"> Sam’s Club, Costco, Amazon, etc. 	Administrative Services	See Section 8 Below
Furniture purchases over \$500 (single or grouped)	Facilities Services	
Firearms and Ammunition	Law Enforcement Academy Shotgun Club Coach(s)	Policy in Development
Rental of construction and outdoor equipment <ul style="list-style-type: none"> E.g., lifts, lawn & garden, lighting, etc. 	Facilities Services	
Hazardous Chemicals	Chemistry Department Facilities Services	Policy in Development
Investment Management Services	Administrative Services Board of Trustees	400.201P: Investment Policy Statement
Legal Services	General Counsel Administrative Services	Policy in Development
Tax, Accounting, External Auditing Services	Financial Services Administrative Services	Policy in Development
Employee Benefits	Human Resources Administrative Services	Policy in Development
Insurance	Administrative Services	Policy in Development

Real Estate	Administrative Services Office of the President Board of Trustees	Policy in Development
Architectural, Engineering, Construction Services	Facilities Services Operational Services	Policy in Development
Intellectual Property Rights	General Counsel	Policy in Development

SECTION 6: RESTRICTED AND ADDITIONALLY-REGULATED PURCHASES

- A. To reduce the University's liability and risk of fraud, some purchases are restricted as described below. Other purchases, due to their more complicated nature, are regulated by policies in addition to this policy.
1. Gift Cards
 - a. Due to federal payroll tax regulations and complications with student financial aid, the purchase of gift cards/gift certificates is prohibited in most circumstances.
 - b. See policy 405.108: Gifts from the University for limited exceptions.
 2. Fireworks
 - a. University personnel are prohibited from purchasing fireworks.
 - b. A licensed, insured vendor must be contracted for all fireworks.
 - c. All fireworks contracts must be reviewed by the Chief of Staff prior to engagement of the vendor (see Section 13 below and form 404.004F1: Contract Checklist) and filed with Administrative Services once signed.
 - d. The vendor's certificate of liability insurance must be attached to the signed contract before filing.
 3. Drones
 - a. Due to liability issues and insurance costs, the purchase of drones or similar devices must be approved by the Vice President for Administration.
 4. Alcohol
 - a. The approval, purchase, and distribution of alcohol for and at University meals and social events is governed by the *Community Standards Handbook* and policy 404.002P: Alcohol at Meals & Social Events.
 5. Entertainment Acts
 - a. The Vice President for Administration must be consulted before any entertainment acts are contracted to insure all University, insurance, governmental, and legal requirements are met.
 - b. Requester should provide all specifications and contracts to the vice president for administration for review with adequate time to complete the process before the act must be booked.
 6. Membership Dues for Professional and Social Organizations
 - a. The University will pay or reimburse expenses for memberships only as follows:
 - 1) Membership dues which are necessary to maintain a professional certification or credential as a requirement of an employee's position, as approved by the employee's divisional vice president/executive director.
 - 2) Membership dues which reduce other future expenses for the University by an amount that exceeds the cost of the dues.
 - 3) Membership dues which provide access to necessary data or information not available from other sources (membership limited to one University employee per organization).

- 4) Membership dues for social organizations (e.g., country clubs, rotary, etc.) in which the University has determined that membership is a strategic benefit (membership limited to one University employee per organization).
 - 5) The office of Administrative Services shall maintain all University-wide memberships in coordination with the Office of the President.
7. Home Internet Expenses
- a. Expenses for home internet are limited as follows:
 - 1) A full-time employee who works exclusively off campus is entitled to full reimbursement of reasonable home internet costs.
 - 2) Full-time employees who must regularly monitor network status or provide technology support from their personal residence during non-normal business hours will be entitled to a reimbursement of up to 50% of reasonable home internet costs (not to exceed \$50/month).
8. Subscriptions to Magazines, Journals, Newspapers, etc.
- a. Subscriptions paid by the University must not be issued in the name of an individual, but rather in the name of the applicable department.
 - b. Departments should take care not to duplicate University subscriptions whenever possible.
 - c. University employees are prohibited from having subscriptions of any type that are paid by the University delivered to their home address.
9. Personal Cellular Phone Expenses
- a. Payment of personal cellular phone expenses by the University is a rare occurrence and must conform to policy 405.107P: Cell Phones and Phone Service.
10. Travel
- a. See policy 405.103P: Travel Expenses
11. Meals & Entertainment
- a. See policy 405.104P: Meals & Entertainment Expenses
12. Professional Development
- a. See policy 405.105P: Professional Development Expenses

SECTION 7: PROHIBITED PURCHASES

A. Purchases for Personal Use/Benefit

1. Under no circumstances will University funds be used to purchase any goods or services for the personal use of University employees or non-University persons.
 - a. This includes items for which the individual uses University funds to purchase an item, and then reimburses the University for the item.
2. Under no circumstances will the University arrange to create any buyer-seller arrangements between individuals and University suppliers/vendors for personal use by University employees or non-University persons.
 - a. Example: At an individual's request, the University purchases paint at the University's negotiated reduced cost, and then sells the paint to the individual at cost.

SECTION 8: DISCOUNT CLUBS, PURCHASING MEMBERSHIPS, AND DIRECT CREDIT ACCOUNTS

- A. The University maintains purchasing memberships at some discount clubs and other vendors. These memberships are authorized and maintained through Administrative Services.
- B. The University maintains direct credit memberships with numerous vendors. These accounts are authorized and maintained by Administrative Services.
- C. Current Memberships
 - 1. Sam's Club
 - a. Individual employees must be carded as members on the University's direct credit account.
 - b. The employee's department is responsible for all membership fees, which vary based on the number of members in a given year.
 - c. Departments must demonstrate a regular-to-frequent need to purchase items from Sam's Club, or demonstrate a need for items only available from Sam's Club (a rare occurrence).
 - d. Employees without a University Sam's Club card in their name must be accompanied by a carded employee in order to make a purchase on behalf of the University.
 - e. The Sam's Club membership is a direct credit membership (similar to a credit card system). Sam's Club membership cards should be treated with the same care as a credit card.
 - f. All Sam's Club purchases must be billed to the direct credit account; use of a University credit card at Sam's Club is prohibited.
 - g. Employees are prohibited from loaning their cards to another person so that the borrower may make purchases on the cardholder's behalf or the borrower's. Employees must be present in store for every purchase made with their cards.
 - h. Use of a University Sam's Club card for personal purchases is prohibited.
 - i. Employees are prohibited from opening individual business memberships in the University's name at Sam's Club.
 - j. The University will not pay or reimburse employees for personal or business Sam's Club memberships.
 - k. The University will not reimburse sales tax paid on purchases made with a personal or non-University business membership.
 - 2. Amazon Business Prime
 - a. In order to qualify for exemption from state sales tax, Amazon purchases must be made through an Amazon Business account.
 - b. All Amazon purchases for the University must be made using the central business account maintained by Administrative Services.
 - c. Employees wishing to purchase items through Amazon should send a request to Administrative Services to be added to the account.
 - d. Once added to the University's account, the purchaser should shop via **smile.amazon.com** and designate the beneficiary of the program on the purchaser's business account as Drury University.
 - e. Use of the University's business account for personal purchases will endanger the University's tax-exempt status and is prohibited.
 - f. The University will not pay for or reimburse employees or departments for personal Amazon Prime memberships.

- g. The University will not pay or reimburse sales tax paid on purchases made with a personal or non-University business Amazon account.
 - h. The University will not pay or reimburse shipping fees incurred through purchases on an Amazon account other than the University's central business account.
 - i. Employees are prohibited from storing University credit card information on an Amazon account other than the University's central business account.
- D. Employees or departments desiring to join a discount club or purchasing program not listed above should contact and obtain approval from Administrative Services.
 - E. Employees and departments are prohibited from opening new accounts in the University's name without authorization from Administrative Services.
 - F. Employees are prohibited from opening business accounts of any sort in their own name for the transaction of University business.

SECTION 9: CAPITAL EXPENDITURES

- A. Purchases of equipment that has a value of or greater than \$5,000 and construction projects that will total at or above \$5,000 must be capitalized, in most cases.
- B. Capital purchases are designated to certain areas of the general ledger. The purchaser must contact Administrative Services to confirm that capitalization is necessary and ensure that the necessary general ledger accounts are present and funded for the equipment/project.
 - 1. General ledger accounts for capital expenditures must be created and funded **prior** to the submission of a POR.

SECTION 10: VENDOR INSURANCE REQUIREMENTS

- A. To lessen the University's liability, vendors performing services on campus are required to submit proof of liability insurance (\$1,000,000 per occurrence, \$2,000,000 aggregate) and worker's compensation insurance (\$500,000) before they may be hired.
 - 1. Single-employee vendors are not required to hold worker's compensation insurance, but *are* required to hold general liability insurance.
- B. This requirement should be included in any bid/quote/RFP specs.
- C. Insurance certificates should be sent to the Director of Business Services for filing.

SECTION 11: EXEMPTION FROM SALES TAX

Drury University is exempt from sales and use tax in Missouri and various other states.

- A. All employees are responsible for ensuring that purchases within Missouri and other applicable states are not charged state sales and use tax.
- B. If sales tax is charged on a purchase in error, the employee responsible for the purchase must contact the vendor to obtain credit for the sales tax.
- C. Tax-exempt certificates for Missouri and other states may be found at www.drury.edu/tax-exempt.

SECTION 12: SIGNATORY AUTHORITY FOR CONTRACTS/AGREEMENTS

- A. Signing of contracts/agreements in the name of the University is restricted to the following University officers (see policy 400.004P: Signatory Authority):
 - a. President
 - b. Chief of Staff
 - c. Vice President for Administration
 - d. Chief Financial Officer
 - e. Chief Operating Officer
- B. Any one of the above officers may sign contracts up to \$10,000; contracts above \$10,000 require the signatures of two of the above officers.
- C. All contracts/agreements must be reviewed **prior to signing** (see policy 400.004: Signatory Authority and Form 400.004F1: Contract Checklist).

SECTION 13: ETHICAL PRACTICES

- A. All University employees are governed by the ethical policies outlined in the *Faculty Handbook* and *Staff Policy Handbook*.
- B. Additionally, employees making purchases for the University must comply with the principles outlined in policy 405.000P: Standards of Business Conduct.

SECTION 14: ENFORCEMENT

- A. Violation of any portion of this policy may result in disciplinary action, up to and including termination of employment or enrollment.
- B. Attempts to circumvent this policy and other related purchasing policies will inhibit an individual's ability to make purchases on behalf of the University, and may result in other disciplinary action, up to and including termination of employment or enrollment.
- C. Individuals who incur expenses in violation of this policy will be expected to reimburse the University for the expense. The amount of any unauthorized expense will be added to the individual's University account. Standard terms of payment will apply.
- D. See policy 405.000P: Standards of Business Conduct for more information.