

NUMBER: BUSA 7.01 (NEW) (same as FINA 2.14)  
SECTION: Administration and Finance  
SUBJECT: Acquisition and Payment of Goods and Services  
DATE: October 10, 2016  
Policy for: All Campuses  
Procedure for: All Campuses  
Authorized by: Senior Vice President for Administration and Chief Operating Officer  
Issued by: University Finance – Accounts Payable and Business Administration - Purchasing

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I. Policy

The University of South Carolina will follow procedures consistent with the requirements of the South Carolina Administration Department's Consolidated Procurement Code Title II Chapter 35, 11-35, SC Code of Laws, Federal laws (as applicable) and university policy for procurement and payment for goods and services. This policy addresses the responsible parties for the procurement of goods and services, the receiving and payment for such goods and services. Any changes to state or federal law will supersede this policy if the law is more restrictive than this policy allows.

- A. Purchasing activities are conducted by the Purchasing Department as well as by academic and administrative departmental employees. Purchasing activities include obligations for proper transaction documentation, fiscal responsibility, ethical behavior, adherence to federal and state government regulations, and compliance with University by-laws and policies.
- B. All commitments for goods and services other than those outlined below must have the prior approval of the Purchasing Department. Purchases not processed through the Purchasing Department, not otherwise outlined below, may be considered an unauthorized purchase.
- C. Items on State of South Carolina term contracts require mandatory usage by State agencies in accordance with the South Carolina Consolidated Procurement Code.
- D. Code of Conduct:
  - 1. Real or Apparent Conflict of Interest - No employee, officer, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate

family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award; or the employee has any other relationship with the firm or members of the firm involved in the procurement process which may give rise to questions concerning the employee's ability to be fair and impartial in his/her decisions.

2. Gifts – The officers, employees and agents of the University shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to sub-agreements.
3. Unauthorized Procurements – An unauthorized procurement is the purchase of goods or services that are not made in accordance with this policy. Corrective action for ratifying an unauthorized procurement is to request in writing through the Associate Vice President of Business Affairs that the President of the University approve the unauthorized transaction based on the documentation provided. Payment for unauthorized purchases may become the responsibility of the individual making the transaction and could result in disciplinary action.
4. Splitting Orders – Splitting of orders to avoid competitive methodologies is NOT permissible and may be an unauthorized procurement.

## II. Responsibilities

- A. Purchasing Department provides support to the University community in the selection, acquisition, use of goods and services by:
  - Maximizing the University's purchasing power by focusing on strategic sourcing and obtaining the best value.
  - Leveraging its expertise in contract negotiations and supplier management to advantage the university.
  - Ensuring that purchases are made in accordance with all applicable University by-laws, state laws, regulations, codes, and ordinances.
  - Minimizing risk exposure while maintaining flexibility in procurement activity.
- B. General Accounting Department is responsible for all general accounting functions and services including cash management, accounts payable, travel, plant funds, endowments, journal entries, team travel, international suppliers and sales and use tax returns.
- C. The University pays all its legally incurred obligations for materials and services other than payrolls or special personal payments through the Accounts Payable Section of the Controller's Office.

### III. Processing Time Allowances:

A. Departments should anticipate their needs far enough in advance to allow Purchasing time to process requests in compliance with the South Carolina Procurement Code. The following are minimum time allowances:

- Purchase Orders from \$5,000 to \$10,000 with a Supplier can take 1 – 3 days to process.
- Purchase Orders from \$5,000 to \$10,000 without a Supplier can take 3 – 5 days to process.
- Purchases over \$10,000 to \$50,000 will require a minimum of 10 to 21 days processing time. The Purchasing Department will prepare a formal written solicitation as well as advertise the requirements in the South Carolina Business Opportunities publication.
- Purchases exceeding \$50,000 will require a minimum of 21 to 60 days. The Purchasing Department will prepare a formal sealed solicitation for issuance.
- Contract awards in excess of \$100,000 require an additional ten (10) days. This is the required Intent to Award Period before a purchase order can be issued.

### IV. Purchasing and Payment Methods

A. Purchasing under \$5,000 (except for food).

When possible all goods and services (including small utilities like DirecTV and Verizon) under \$5,000 inclusive of taxes, freight and miscellaneous charges must be purchased utilizing the Purchasing Card (P-Card). The P-Card is a Visa credit card issued by a financial institution selected by the State Procurement Office through a competitive process. Several major features of the program are that it enables departments to be self-sufficient, eliminates redundant and/or no value added processes and provides a simple online means to allocate or distribute charges.

- Each card has a single transaction purchase of under \$5,000, with a monthly credit availability of \$10,000. On an exception basis and with justification provided to the Purchasing department, the monthly spend limit can be increased. All documentation of purchases (sales slips, receipts, packing lists, etc.) and monthly statements must be reconciled and maintained for the internal and external audit per the University's record retention policy.
- Purchasing cards are issued to University employees with the approval of the department head. There is a department liaison assigned to each credit card with authority to change the account charged if necessary. The liaison processes the charges as well as monitors the expenditures for compliance with the University policies and procedures. Training is required for both the cardholder and departmental liaison prior to the cardholder receiving a purchasing card.

- Any food, regardless of the cost, or capital asset (assets > \$5,000) cannot be purchased utilizing the [P-Card](#).  
For the purchase of foods see: <http://www.sc.edu/policies/ppm/busf705.pdf>. The policy outlines the procedure of purchasing food.  
For capital assets policy (Property Accountability policy) see: <http://www.sc.edu/policies/ppm/busf500.pdf>. This policy provides the USC definition of an asset and how it is to be purchased.
- If the supplier does not accept the P-Card and the purchase is a Departmental approved request, the Payment Request process must be used to pay the supplier through the Payment Request online tool. Accounts Payable will review and approve the invoice and required documentation for subsequent payment to the supplier. See the [Accounts Payable Payment Request](#) procedures for detail instructions.
- **Note:** Employee reimbursements should only be used if there is no other viable payment method available, this is the exception and not the norm. Other tools available for purchasing and payments are Accounts Payable Payment Request, purchase order or blanket purchase order (see blanket purchase order section below).

B. Purchases from \$5,000 and not exceeding \$10,000

Accounts Payable will process invoices for payment for purchases made directly by a department (Non-Purchase Order) or using a Purchase Order.

- Non-Purchase Order (Non-PO) Invoice – Supplier was determined by the department. The invoice is not associated with a Purchase Order issued by the University Purchasing Department. Non-PO supplier invoices for goods and services from \$5,000 and not exceeding \$10,000 that are not capital assets can be paid utilizing the Payment Request process. This is inclusive of Grant funds but not sub-recipients. Any purchase exceeding \$10,000 or that is not otherwise noted as approved on the Payment Request Matrix, will not be allowed to be processed via Payment Request. Purchases of this amount are required to be processed through the Purchasing Department with no exceptions allowed.
- The [Payment Request Matrix](#) provides documentation requirements for specific Payment Request types. For a quick reference on how to enter a payment request, [click here](#).
- Purchase Order Invoice – Supplier was determined by the University Purchasing Department and the purchase was made with a Purchase Order issued by the University Purchasing Department. The Supplier invoice is associated with a Purchase Order issued by the University Purchasing Department. Invoices from Purchase Orders will primarily be for Contracts and Capital Assets.

C. Purchases Exceeding \$10,000

- All purchases exceeding \$10,000 must be purchased by Purchase Order and through the University's Purchasing Department. These purchases require a competitive solicitation process that will be administered by the University's Purchasing Department.
- Sole Source procurements are permissible only when there is a single supplier that meets the requirement(s) of the procurement. Requests for sole source procurements must document the justification and approval by the Director of Purchasing and the Director of Business Affairs prior to any commitment being made.
- Purchase Order invoices received by Accounts Payable must contain a valid PO number and invoice number for processing. Invoices received by the departments should be forwarded immediately to Accounts Payable to avoid delays in processing. If an invoice is received without a valid PO number and valid invoice number, it will be returned to sender for correction before being processed for payment. Suppliers who continue to submit invoices without valid purchase order numbers or invoice numbers will be reported to the Purchasing department for further action. Actions could potentially involve suspension or termination of relationship with the supplier.
- **Note:** Supplier invoices associated with a purchase order for the procurement of an asset will be accepted by Accounts Payable and processed against the terms, conditions and wording of the University Purchase Order. If the invoice cannot be successfully associated to a purchase order, a copy of the invoice will be returned to sender for correction requesting the PO number in order for the payment to be processed.

D. Blanket Purchase Orders

A Blanket Purchase Order is a Purchase Order from which goods and services may be purchased over a given period of time rather than in a single transaction. Contact your Purchasing Department for more information about Blanket Orders. Blanket Orders differ from standard Purchase Orders as follows:

Blanket Purchase Orders:

- Minimum twelve vouchers/invoices per budget period/fiscal year. The fiscal year for the University is July 1 through June 30.
- \$10,000 per fiscal year minimum.
- Item description should begin with "Blanket Order" then a general description of the goods being purchased with the purchase order. Example – If the supplier is a hardware store and pliers and screw drivers are being purchased, then the description would be "Blanket Order for Tools".
- Purchase Order is to be charged to one Account or one Accounting Distribution line per line item. If the transaction is more than one-line item, each line item has to be for a different item or service.

- Blanket Purchase Orders are only valid for 1 year and will be closed each fiscal year with remaining amounts, if applicable, released from encumbrance. If it is required to carry a blanket purchase order into the next fiscal year, a new purchase order will be required.
- Term Contracts: See Purchasing policy [BUSF 7.00](#). This policy outlines term contracts.

Purchasing will review activity to ensure the purchase order is being used and if no activity, Purchasing Buyer will close the PO and inform the department of the closure.

#### E. Receiving

- Receiving is the responsibility of the USC departments.
- If the PO is identified as "Receiving Required" it is the responsibility of the department to receive upon acceptance of the goods or services.
  - Receiving requirement is based on Category Codes. For a list of category codes, please contact purchasing.
- If the PO is Quantity based, the appropriate quantity should be entered as the Receipt Quantity.
- If the PO is Amount-based, the appropriate dollar amount should be entered as the Receipt Amount.
- Receiving of the invoice is not required to enter the receipt. The receipt can be entered before the invoice arrives if the goods or services have been obtained.
- If supplier invoice is received and item or service not received, an email message will be forwarded to requestor indicating receiving required. Message will be sent until the receipt of goods or service occurs to allow payment to supplier.

#### V. Related Policies:

BTRU 1.04 Authority to Sign Contracts

FINA 1.00 Travel

FINA 1.08 Relocation Expenses

FINA 2.00 Object of Expenditure Classification Codes

FINA 2.09 Inter-Departmental Transfers (between state agencies)

FINA 2.13 Honorariums and Royalties

BUSF 5.00 Property Accountability

BUSF 7.00 Purchasing

BUSF 7.05 Reimbursement for Personal Consumption Items at Employee's Official Headquarters

BUSF 7.06 Employee Association/Professional Dues--Employee Personal Certifications--Employee License Fees

BUSF 7.07 Club Membership and Dues

VI. Reason for submission: New Policy is needed to address changes in process due to implementation of OneCarolina.