

PROCUREMENT AND EXPENSE TRAINING

Business Day

March 7, 2017



University at Buffalo

Office of the Vice President
for Finance and Administration





University at Buffalo

Office of the Vice President for Finance and Administration

State of Higher Education

Main Funding Types / Source / Stakeholders on Campus

Ethical Standards

Fiduciary Responsibility

When Things Go Wrong

Procurement Planning



State of Higher Education

Why the price tag of a college degree continues to rise

Why does college cost so much?

It's a question parents, students, and politicians often ask and the answer is often elusive.

There is much speculation about what is exactly to blame for college costs that tick up more and more every year above the rate of inflation and well above lagging family incomes.

What Are Universities For?

"Pretty much anyone you talk to in America today has an opinion about what's wrong with our universities. Parents think they're too expensive. Recent graduates fear being crushed by debt and ending up untrained for the current job market. Professors worry that entering students have not been adequately prepared by their high schools. Economists and sociologists point to troubling studies about a lack of diversity—in both income and race—on American campuses."

Time.com, April 4, 2015

College Enrollments Drop for 3rd Straight Year

"College enrollments dropped by 1.3 percent this fall after slipping 1.5 percent last fall and 1.8 percent in the fall of 2012..."

The Chronicle of Higher Education, December 11, 2014



Main Funding Types / Source / Stakeholders on Campus

Funding Type	State Tax	Tuition Revenue	Income Fund Reimbursable (IFR)	State University Tuition Reimbursable (SUTRA)	Dorm Income Fund Reimbursable (DIFR)	Research Foundation (RF)	UB Foundation (UBF)
Source of Funds	Appropriated by NYS Government allocated to the campus by SUNY	Student tuition payments	Student fee revenue, external funds received for self-supporting programs.	Students participating in Study Abroad, Contract Courses, etc.	Residence Halls rent revenue	Federal, State, Private Grants Indirect Cost Recovery Earnings	Donor support, Student On-Campus Apartment rent revenue, clinic and other self-supporting program revenues
Primary Stakeholder	Students; our main customer at the University, NYS Taxpayers	Students; our main customer at the University	Students; our main customer at the University	Students; our main customer at the University	Students; our main customer at the University	Students; our main customer at the University, grant sponsors	Students, our main customer at the University, donors, community

Ethical Standards

Ethical Standards - *Principles that when followed, promote values such as trust, good behavior, fairness, and/or kindness.*

October 23, 2016 – Email from President Tripathi

As president, I want to take this opportunity to affirm our university's abiding commitment to upholding the highest standards of integrity and ethical conduct in every aspect of the university.

This means that we will continue to be diligent in ensuring that appropriate business protocols and that best financial practices are adhered to throughout our university operations. These business protocols and best financial practices serve to strengthen our campus culture of integrity and accountability across the university, and enable us to recognize potential instances when these standards are not upheld, so that we can respond accordingly and effectively.

As a public research university community, upholding these values in principle and in practice is central to our mission.

*Satish K. Tripathi
President*

Fiduciary Responsibility

Fiduciary Responsibility - *An individual in whom another has placed the utmost trust and confidence to manage and protect property or money. The relationship wherein one person has an obligation to act for another's benefit.*



When Things Go Wrong – SUNY Polytechnic Institute

Suspended SUNY Poly President Kaloyeros resigns amid corruption scandal

- Alain Kaloyeros, who is facing federal and state corruption charges in alleged bid-rigging schemes, has reportedly resigned as president of SUNY Polytechnic Institute.



When Things Go Wrong – Northwestern

Northwestern University To Pay Nearly \$3 Million To The United States To Settle Cancer Research Grant Fraud Claims

- Reimbursement from the federal grants for professional and consulting services, subcontracts, food, hotels, travel and other expenses that benefits Dr. Bennett, his friends, and family from January 1, 2003 through August 31, 2010.



Procurement Planning

2017/18 Three Year Plan Workbook

PROCUREMENT NEEDS

Contact: Dominic Lotempio at dsl4@buffalo.edu or 645-4503 or go to [Procurement website](#) for additional information.

Purpose: The purpose of this tab is to promote departmental procurement planning and the ability for Procurement Services to proactively address departmental procurement needs. Information requested will allow Procurement Services to effectively understand campus unit procurement expectations, proactively address procurement criteria by funding source and identify opportunities for MWBE/Veteran vendor utilization.

Instructions:

- List all known or anticipated **NEW** Procurement Needs for equipment, services, software or other that are expected to **exceed \$5,000**.
- Provide estimated recurring costs associated with the purchase for maintenance, memberships or consumables.
- Provide "Need by Date" for goods or services if needed in 2016-17 to assist Procurement Services in planning for purchase.
- Provide projected date (month and year) of receipt of goods or services for 2017-18 through 2019-20.
- Enter any additional comments, such as a description of specialized equipment, in the General Comments section.

PROCUREMENT NEEDS:

Contact/Department	Procurement Need	Business Purpose	Term of Procurement	Anticipated Funding Source	Estimated Cost	Recurring Costs	Need by Date 2016-17	2017-18	2018-19	2019-20



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Procurement and Expense Processing



Purchasing Dollar Thresholds

Purchasing Process

Approval Authorities

Tenants of Stewardship

Allowable and Appropriate Expenses

Business Purpose

Reimbursement Guidelines


Policies and Sources to Reference



Purchasing Dollar Thresholds

Definition of Reasonableness of Price

- The vendor's published price list and documented discount
- Prior invoices from this vendor to other consumers
- Invoices or cost sheets from prior state contracts
- Comparisons to other vendors' prices for similar products/services
- Comparison to similar purchases by other campuses
- Price or cost analysis
- Historical cost or price comparison



Note: There are many ways to determine reasonableness. Two or three of these ways should be used.

Purchasing Dollar Thresholds

There are specific dollar thresholds and requirements for purchases with state, Research Foundation (RF) and UB Foundation (UBF) funds for transactions using eProcurement, Procurement Card (PCard) and the eRequisition system (eReq).

Review thresholds on the below page:

<http://www.buffalo.edu/administrative-services/managing-procurement/getting-started1/purchasing-dollar-thresholds.html>

Purchasing Process

The way you do business is going to change for all funding sources with SciQuest.

eProcurement	Procurement Card	eReq
For state, UBF and RF purchases up to \$4,999 from Staples Advantage, UPS CampusShip, Fisher Scientific, and VWR.	For state purchases up to \$4,999, and UBF and RF purchases up to \$2,500.	For state, UBF and RF purchases for any dollar amount.



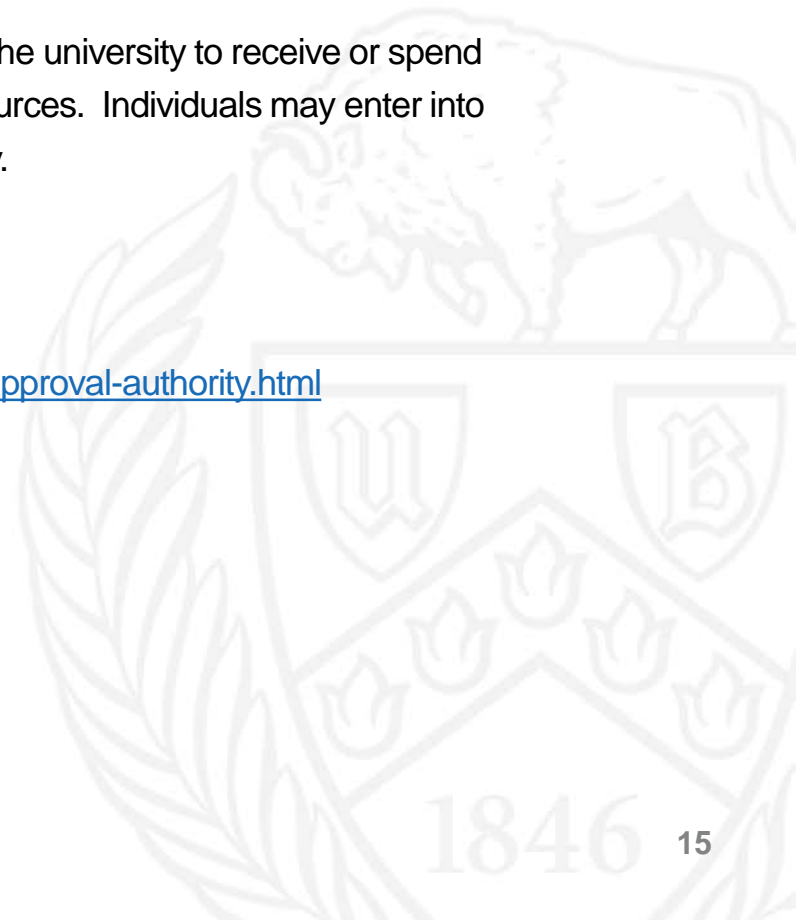
Approval Authorities

Who Can Sign?

Only authorized individuals may approve transactions that obligate the university to receive or spend funds, provide or receive services, and/or otherwise commit its resources. Individuals may enter into these transactions only if they have the appropriate level of authority.

Approval Authority Policy may be found at:

<http://www.buffalo.edu/administrative-services/policy1/ub-policy-lib/approval-authority.html>



Tenants of Stewardship

Compliance

- Means knowing when to partner with Business Services experts for help and advice in order to affect a successful outcome
- Means knowing what constitutes a necessary, reasonable and appropriate expense and being able to articulate how it benefits UB

Transparency

- Means being fiscally responsible; making good budget decisions, regardless of dollar amount

Internal Controls

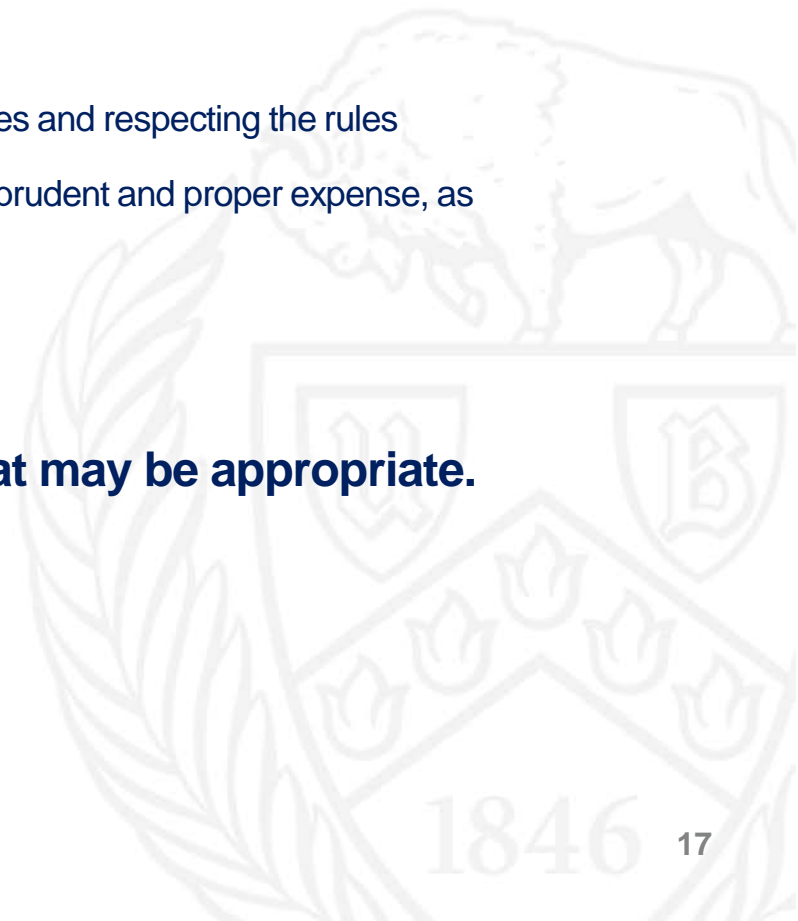
- Means being aware of public perception
- Means understanding that the actions of one part can affect the whole body
- Means having a valid business purpose
- Means having the correct people and processes in place

Allowable and Appropriate Expenses

Knowing what is allowable and appropriate requires:

- An understanding of accepted business practices and procedures and respecting the rules
- Thoughtful consideration about what constitutes a reasonable, prudent and proper expense, as perceived by a donor, a parent, an auditor and the news media
- Fiscal accountability and good stewardship of resources

It is not possible to list every expenditure that may be appropriate.



Business Purpose

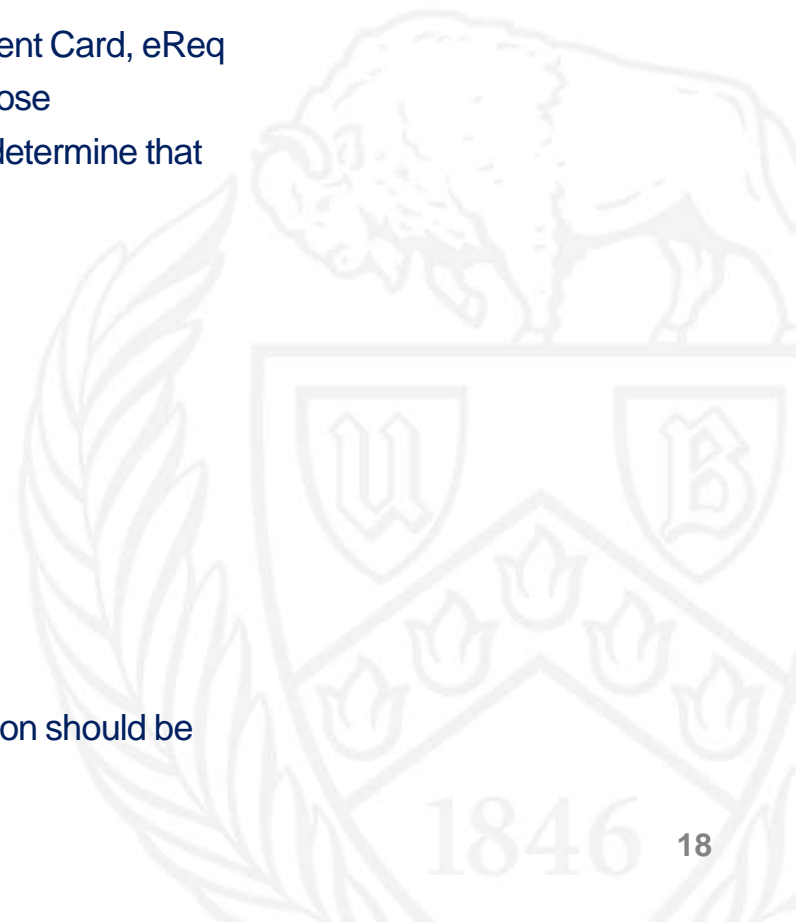
A business purpose and justification work together to provide the approver, auditor and management an understanding as to how your expenses relate to university business.

All expenses, whether they take place via eProcurement, Procurement Card, eReq or travel expenses, require a business purpose. Your business purpose explanations should be sufficiently detailed to allow the reviewer to determine that the transaction was program or grant-related in nature.

A business purpose should answer five basic questions:

1. Who was involved in the activity related to the expense?
2. What activity does the expense represent?
3. When did the activity occur?
4. Where did the activity take place?
5. Why or how does the expense relate to university business?

Not all the questions will apply to every transaction, but the information should be included when applicable.



Reimbursement Guidelines – Updated Personal Reimbursement Policy Coming Soon

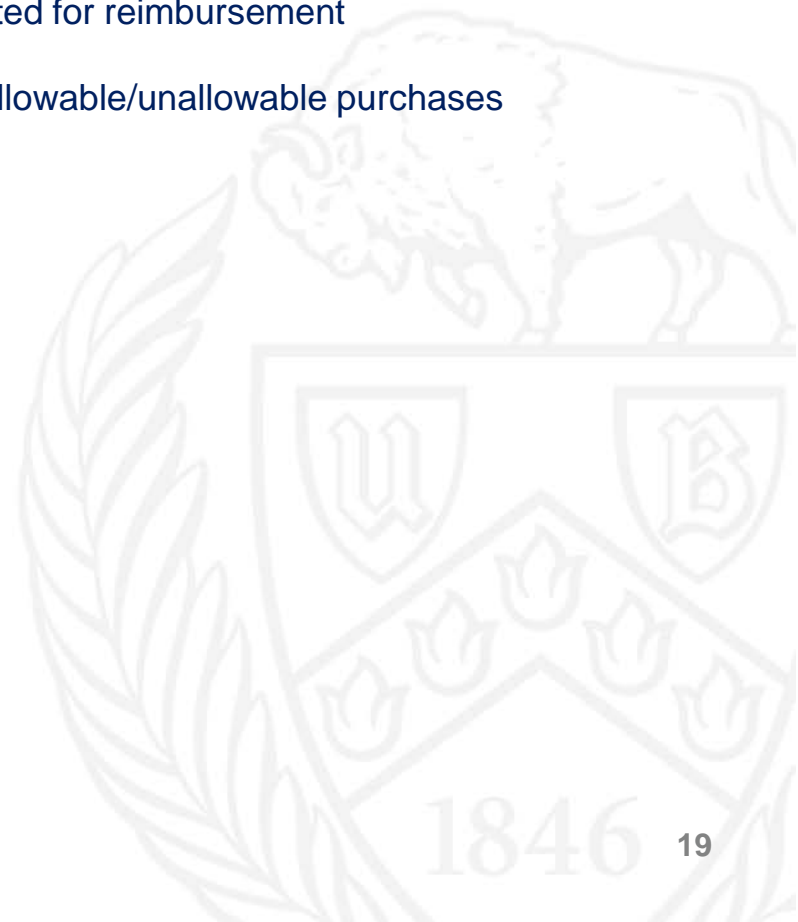
- Requesting reimbursement is not a best practice – you may or may not get reimbursed!
- Use established purchasing methods
- All rules and regulations apply to purchases being requested for reimbursement
- Reimbursement requests undergo the same scrutiny for allowable/unallowable purchases

Documentation Requirements

- Document business purpose
- Original receipts
- Agenda or flyer from event
- List of attendees and their affiliation to UB
- Authorized signer must sign RAP or DR in addition to payee

Method Used

- RAP form for State (DIFR) and Research Foundation funds
- RAP form or DR for UBF funds



Policies and Sources to Reference

Managing Procurement

<http://www.buffalo.edu/procurement>

Food and Beverage Guidelines:

<http://www.buffalo.edu/administrative-services/managing-money/finance-guidelines-policies/food-and-beverage-guidelines.html>

Administrative Services Gateway to find Subject Matter Experts:

<http://www.buffalo.edu/administrative-services.html>

When in doubt – ask first



Discussion

