

Human Resources

Supervisor Training Breakfast Series:

The Check Request Contract Review, and Purchase Order Processes

February 1, 2017



Introductions:

Juliette Brooks, University Director of Purchasing

John M. Codd, University General Counsel

Gail Lemaire, University Risk Manager

Frank Maltino, Assoc. V.P. for Finance

Greg Sarajian, Accounts Payable Manager

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Overview:

- When to Use a Check Request versus a Purchase Order
- Purchase Orders and Integration of Contract Review Process with Purchasing Process
- Contract Review Process

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Accounts Payable Department:

- The office of Accounts Payable supports the University's mission by providing professional, courteous and reliable service to its students, faculty, staff and vendors while maintaining high standards of quality to promote the University's goals and objectives. Through efficient, timely and accurate payment processing and reporting, the office of Accounts Payable assists in controlling the University's expenditures and maximizing resources.
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Accounts Payable: Forms & Instructions

- [Accounts Payable Forms - Fairleigh Dickinson University \(FDU\)](#)

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When to Use Check Requests vs. POs

- Check Requests:
 - Send the completed check request form with appropriate backup documentation to the Accounts Payable department Mail Code T-FH2-0-2. If you have any questions about the check request form, please call Accounts Payable at X2009 or X2088.
- Purchase Orders
 - Send the completed purchase order form to the Purchasing Department, Mail Code T-PB1-01. If you have any questions about the purchase order form, please call Purchasing X2050.

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When to Use Check Requests vs. POs (Cont.)

CHECK REQUEST
Advertising, Classified-Employment
Athletic Event Entry Fees
Audit Fees
Background Checks
Bank Fees
Books \$5,000.00 and under
Calligraphers
Catering For Off-Campus Programs (CCP)
Conference/Registration/Seminar Fees
Contributions/Donations
Copyright Fees/Royalties
Credit Union Bi-Monthly Payments
Delivery
Dues
E-Books Under \$5,000.00
Event Staff
E-Z Pass
Floral Arrangements
Freight
Guest Hotel Accommodations/Incoming
Guest Speakers
Honorariums
Human Resources And Payroll Expenses
Independent Contractors
Insurance
Legal Fees
Marketing Commissions
Memberships
Models
Payroll Services
Pension Contributions
Periodicals Under \$3,000.00
Permits
Photographers
Postage
Restaurant Charges without students and without Contracts
Sport Officials
State Regulatory Fees/Penalties
Subscriptions
Temporary Employment Agency Fees
Tickets For Sporting Events/Theatre
Travel Reimbursement For Non-Employee Candidates/Recruits
Union Dues

REQUISITION/PO
Advertising
Air Transportation for Student Groups
Athletic Supplies
Books over \$5,000.00
Bus Transportation
Cleaning Service
Computer Network Service
Consulting Firms
Contracted Services
Convocation And Special Events
Diplomas/Covers/Medals
E-Books Over\$5,000.00
Electronic Resources
Entertainment
Equipment
Equipment Repairs
Equipment Service Contracts
Films and A/V
Furnishings
Furniture
Interior/Exterior Maintenance
Int'l. Students Orientation Events
Lab/Clinical Supplies
Laundry Service
Lease Of Equipment
Lease Services
Locksmith Services
Lodging-Student Travel
Maintenance/License
New Student Orientation Events
Office Supplies
Other expenditures that can not be submitted on a Check Request
PC/Computer Enhancements
Periodicals Over \$3,000.00
Printing
Publications
Purchased Services
Signage
Software
Space Rental
Student Activity Events
Telephone Equipment
Uniforms
Vehicle Leasing
Vehicle Maintenance And Repairs
Web Design
Wire/Cable Network Infrastructure

- When to Use Check Requests vs. POs

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Check Request Do's:

- Include as much information as possible in description, e.g., dates of service/event, person(s) attending, location, etc.
- Attach a completed Independent Contractor Agreement (with signatures) for Individuals and IRS W-9 Form for Companies/Organizations that pertain to list of check request categories.
- Indicate in the description when check is needed on a “rush” basis and whether check is to be picked up or sent through Intercampus Mail.
- List and attach multiple invoices in order of oldest to newest.
- Double-check that the G/L Number is 12 digits long and that the amounts match the invoice(s) attached and appear in 3 places:
 1. NEXT TO THE G/L NUMBER;
 2. IN THE DESCRIPTION AMOUNT SECTION;
 3. IN THE TOTAL AMOUNT SECTION.

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Check Requests Don'ts:

- Don't fax the Check Request Form and backup; send by Intercampus mail or hand carry.
- Don't attach a Vendor Statement. Accounts Payable will only process invoices for payment. You can send a vendor statement separately as reminder to have Accounts Payable check that the invoice(s) listed have been processed for payment.
- Don't use acronyms for vendor name. Type in the complete vendor/check payable name (e.g., United Parcel Service instead of "UPS," etc.)
- Don't sign your initials in the approvals section; sign your complete name.

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Accounts Payable FAQs:

INVOICES:

Q. I sent an invoice to Accounts Payable to be paid, but just received a past due statement from the vendor. Do I need to contact Accounts Payable?

A. Generally, invoices are paid according to invoice date (oldest first) and not when they are actually submitted to Accounts Payable. There are some exceptions (lease payments, utilities, etc.) that require payment immediately upon receipt. If you do receive a past due statement, please forward it to Accounts Payable or call to make sure the invoice has been paid.

Accounts Payable FAQs:

INVOICES (Cont.)

Q. Can an invoice for completed repairs be submitted on a Check Request form?

A. All repair, maintenance, and supply orders must be processed on a Purchase Order, and the Purchase Order must be issued PRIOR to the repair being made. You can refer to the check request instructions for the type of expenditures that can be submitted with this form.

CHECKS:

Q. How often are checks issued?

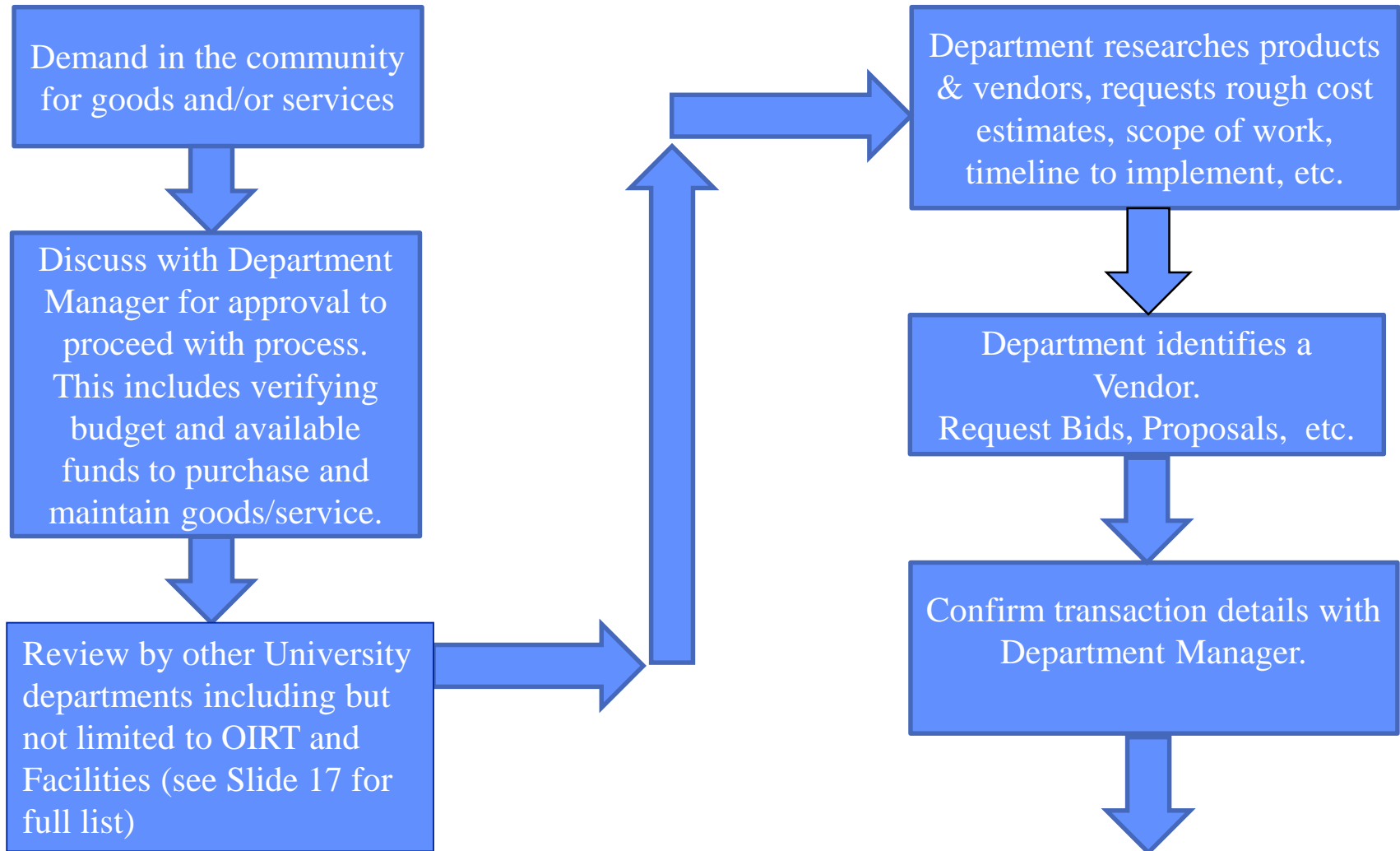
A. Checks are issued generally once a week on Thursdays and mailed out the same day.

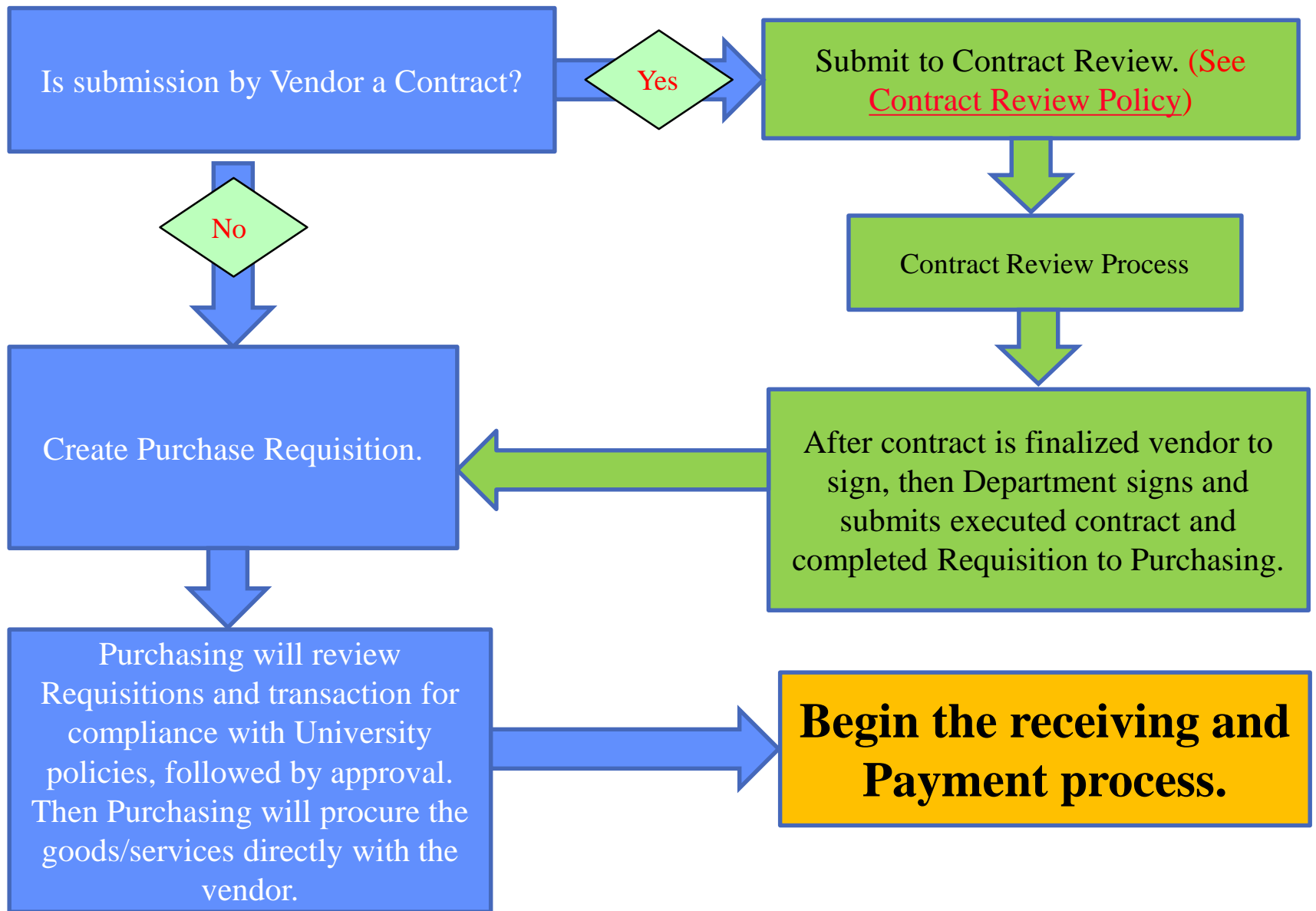
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Fairleigh Dickinson University Purchasing and Contract Policies Overview





Purchasing Department:

The Purchase Order

The Purchase Order is a contract between the University and the vendor. It is the standard document used to procure goods and services. Using a Purchase Order to initiate purchases provides the means to ensure that transactions are covered by a proper contract. A properly completed Purchase Order is a legally binding contract and should be treated accordingly.

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Blanket vs. One-time POs:

Blanket PO

- A Blanket PO is used when goods and services are acquired on a reoccurring basis for a specified time.
- Blanket Purchase Orders are used for frequently purchased items, supplies and services, e.g., water cooler service, office supplies, medical supplies, lab supplies, shredding service.

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Purchasing: One Time P.O.

- A One Time PO is used for goods or services that are not reoccurring in nature and that is delivered and paid for in full and the order is complete.

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Purchases Requiring Special Approvals

- Items that must be approved by designated Campus Administrative Units or Officers

<u>Item or Service</u>	<u>Approval Required</u>
Appliances (Air conditioning units, heaters) Building Modifications (contracting for construction/ renovations, etc.) Electrical outlets	V.P. for Facilities & Auxiliary Services
Computers, Technology, Hardware, Software, Printers, Scanners, Projectors, SaaS (Software as a Service)	V.P./Chief Information Officer
Communication Systems	Director of Telephone and Voice Services
Locks – Interior/Exterior	Directors of Public Safety Metro/Florham
Classified Advertising for Faculty and Staff Personnel	Human Resources
University Printing – Stationery, letterhead, envelopes, business cards, etc.	Copies Plus-University Print Shop
Logos – (Use of the University identity/seal, advertising, clothing/promotional items, etc.)	Associate Vice-President for University Communications
Signage – Interior/Exterior	Assoc. V.P. Auxiliary Services
Chemicals and Chemical Products	University Risk Manager

Using a New Vendor:

- **Pre-plan** (requires more processing time)
- **Vendor needs to accept University's Terms & Conditions** (Terms & Conditions can be found on the back of the Purchase Order)
- **Vendor must accept a Purchase Order**
- **Ask pertinent questions** (e.g., lead times, delivery requirements and any other details that surround the transaction)

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Using a New Vendor (Cont.):

- **Obtain quotes/proposals** (Always best to have the item(s) or scope of work in writing and refer the quote, proposal number in the body of the Purchase Order)
- **If vendor requires a signature on a document** (Begin the contract review process.)
- **Applications** (Some companies require a credit application. Forward the credit application to Accounts Payable to be completed.)

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Transactions Involving: Hotel/Airfare (Off Campus Trips)

Faculty/Staff traveling with Students:

- Requires Purchase Order
- University travel involving students always requires review by Risk Management and possibly Contract Review.
- If there's a contract – submit to Contract Review.
- If no contract – create a Purchase Order and submit necessary back up.

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Transactions Involving: Hotel/Airfare (Off Campus Trips)

Faculty/Staff traveling *without* Students:

- **Must be approved business travel in accordance with University Policy;**
- **Request for Travel Advance** (information located at the Finance Department Website), **OR**
- **Processed on Faculty/Staff Expense Report**

For Study Abroad:

- Requires Contract Review
- Completed/approved Study Abroad Authorization Form (SAAF)
- Forward Purchase Order w/all pertinent back-up including the SAAF & contract to Purchasing

What delays the purchase order process?

- **Missing Information:** Signatures, Item numbers, Inadequate description of goods/services, Incomplete vendor name and address, and Incomplete “Ship To” information;
- **Neglecting to attach supporting documentation /back-up** (e.g., quotes, contracts, agreements, etc)
- **Transaction should have been processed on a check request** (see check request procedures)
- **Insufficient funds**

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General Reminders:

At no time is an employee permitted to request a supplier to ship a product or perform service without an approved Purchase Order.

Deposits: The Purchase Order must be processed for the full amount of transaction with terms clearly defined in the description area. The amount of the deposit needs to be listed with the amount and due date.

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General Reminders (Cont.):

Pre-Planning for the Procurement Process: We emphasize the need for the departments to plan ahead. The lead time required by Purchasing to process requisitions varies through the approval cycle of the University.

Any contractor/vendor coming onto campus is required to present a Certificate of Insurance (COI). Purchase Orders will not be processed without an approved COI. The Office of Risk Management will obtain, review and assure the document meets the University's insurance requirements.



Risk Management: Are Contractors/ Vendor's required to provide Insurance?

- **Yes!** All contractors, vendors and service providers wishing to do business with FDU must provide evidence of insurance to the Office of Risk Management prior to contract start date, providing service and commencing work on University premises.
- **Why?** When there is a contractual obligation (a PO or other contract) to indemnify and hold the University harmless, the Hold Harmless Agreement is only as good as the financial strength of the party to whom the risk is transferred.

Risk Management: Evidence of Insurance

- Evidence of current insurance provides the University with some assurance the vendor can meet its financial obligations in the event of any claims or losses for which the contractor/ vendor may be responsible, such as
 - liability losses assumed under contract; pay Workers Compensation benefits due its employees; pay for loss or damage to property for which it is responsible, etc.
- FDU has established minimum contractor and vendor liability insurance requirements. Contractors/Vendors that do business with the University are expected to meet these minimum requirements.
- The University Purchase Order document includes all of the University's procurement Terms & Conditions, including the University's Insurance requirements.

Risk Management: What is a “COI?”

- A Certificate is evidence of insurance – not an insurance contract *per se*. The Acord form we receive is the insurance industry standard form for evidencing insurance.
- A Certificate only provides evidence of coverage in force at the time the Certificate is issued.

ACORD CERTIFICATE OF LIABILITY INSURANCE DATE (MM/DD/YYYY) 02/11/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER: Insurance Agent/Broker Name: [Blank] Insurance Agent/Broker Street Address: [Blank] Insurance Agent/Broker City/State/Zip: [Blank]

INSURED: Vendor Name: [Blank] Vendor Street Address: [Blank] Vendor City/State/Zip: [Blank]

INSURER: INSURER A: Name of Insurance Company: [Blank] INSURER B: Name of Insurance Company (if applicable): [Blank] INSURER C: Name of Insurance Company (if applicable): [Blank] INSURER D: Name of Insurance Company (if applicable): [Blank] INSURER E: Name of Insurance Company (if applicable): [Blank]

COVERAGES:

TYPE OF INSURANCE	ADD. BUILT	COV. EXT.	PRODUCT	INDUSTRIES	REVISION NUMBER	LIMIT
<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY					02/11/2015	1,000,000
<input checked="" type="checkbox"/> PERSONAL AND AUTO HOMEOWNERS LIABILITY						1,000,000
<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY					02/11/2015	1,000,000
<input checked="" type="checkbox"/> UMBRELLA EXCESS LIABILITY					02/11/2015	5,000,000
<input checked="" type="checkbox"/> PROFESSIONAL LIABILITY					02/11/2015	1,000,000

CERTIFICATE HOLDER: Fairleigh Dickinson University, 1000 River Road, R-2H1-01, Rensselaer, New Jersey, Attn: Risk Management

CANCELLATION: SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

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Risk Management: Scope of Work/Activity Review

- There may be some transactions that require different lines of insurance and limits, based on the scope of the activity and risk.
- If a service/product, represents an unusual or exceptional risk, additional insurance requirements may be required.

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Risk Management:

Outbound Certificates of Insurance

- Outside parties frequently ask FDU to confirm various types and levels of insurance in connection with business contracts. The Office of Risk Management is able to respond to such requests and can provide evidence of the University's insurance coverage in the form of a certificate of insurance.

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Risk Management & Purchasing

- The Purchasing and Risk Management Departments communicate on a regular basis with regard to Contractor and Vendor insurance compliance.
- Risk Management maintains a list of Contractors/Vendors who have provided COIs and shares this information with Purchasing to facilitate the PO Approval process.
- Purchasing informs Risk Management when a PO has been submitted for a new vendor or if a PO has been submitted for a non-compliant vendor which can delay the PO approval process.

Risk Management: What can delay securing a COI?

- Vendor is new and does not purchase the insurance the University requires.
- Existing Vendor has not provided a renewal certificate for insurance that has expired.
- Existing Vendor may not be responsive when requesting evidence of current in force insurance.
- RM communicates directly with vendors when there is a coverage issue or concern which can take time.

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What is a contract?

- In a commercial setting, a contract is much more than offer, acceptance, consideration and mutual assent. The contract is the manifestation of the relationships developed between the parties to the contract. The strength of the relationship will ultimately be reflected in the terms of the contract in either a positive or negative direction.

What are they called?

- Memorandum of Understanding
- Agreement
- Contract

Types of contracts:

- Business
- Academic Appointments
- Employment
- Academic Affiliation
- Research
- Independent Contractor
- Purchase Order

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Elements of a Contract:

- Parties: Fairleigh Dickinson University
Vendor's legal name
- Fees: Fee/Price and Payment Terms/Delays/Cost Overruns
- Scope Of Work: Scope of Work Services
Time for Performance/Project Schedule
- Promises, Rights, Obligations
- Termination, Dispute Resolution
- NOTICE
- Transfer of Risk: Limitation of Liability/Indemnification/
Insurance Requirements

Once Contracts are submitted for review:

- Every transaction is different!
- Concurrent review by the University Director of Purchasing, University Risk Manager and General Counsel.
- Planning/workflow considerations are essential.
- Allow minimum of three (3) weeks for review and approval.
- Depending on transaction, contract negotiations can take longer than minimum 3 weeks, e.g., eight weeks, six months or longer.

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What does Contract Team review?

- **General Counsel Office:**
 - Compliance with Contract Review Policy/Procedures.
 - Abides by State and Federal laws.
 - Contains any prohibited clauses, e.g., automatic renewal, no termination clause, etc.
 - Conforms with standard University terms and conditions.
- **Risk Management Office:**
 - Activity risk exposures.
 - Contract risk transfer and Insurance requirements.
- **Purchasing Office:**
 - Ensure that Purchasing Procedures are met and verification that funds are available to meet obligations called for in the contract.
- **Finance Office:**
 - May need to review for Accounts Receivable.

What Delays Contract Review Process:

- The Review Team may:
 - need to engage another internal department or the third party to get more detailed information than submitting person is able to provide.
 - Be handling other pressing matters
- The submission:
 - does not comply with requirement for submission by Authorized Officer
 - does not adequately state what transaction is;
 - doesn't provide any/sufficient information or background on transaction to assist Team with review.
- The third party is unresponsive.

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Submit contracts for review:

Using the Contract Routing Form found here:

<http://view2.fdu.edu/legacy/contractroutingformfinal.pdf>

Submit Contracts for Review to:

- Email: contractreview@fdu.edu
- Email: employmentcontracts@fdu.edu
- Email: affiliation@fdu.edu

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Questions?

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