



Policy

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Title	Purchasing and Receiving Guidelines
Policy No.	MURC-010
Effective Date	January 4, 2008
Last Revision Date	January 2020

SCOPE:

This policy is in effect for Marshall University Research Corporation, its operating divisions, and its subrecipients.

STATEMENT OF PURPOSE:

Establish guidelines to ensure Marshall University Research Corporation is in compliance with federal regulations governing purchases associated with Federal Awards as set forth in OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), 2 CFR 200.317-326.

The below processes and procedures govern all Marshall University Research Corporation procurement activities. This policy is consistently applied regardless of funding source (i.e. federal, state or private).

1. AUTHORITY TO PURCHASE AND OBLIGATE FUNDS

MURC Compliance and MU Office of Purchasing Procurement Officers are the only individuals authorized to obligate and sign purchases, agreements, or contracts for the Marshall University Research Corporation. Purchase Card transactions are excluded from this limitation. Faculty and staff may not obligate funds without approval by the Principal Investigator or designee, regardless of funding source.

1.1 FUND SOURCES

All funds deposited with MURC, regardless of source, are MURC funds and must be managed in accordance with MURC policy. There are generally three kinds of funds at MURC: Grant and Contract funds, Revenue or Service funds, and Designated funds. Each fund may have different expiration dates or other spending restrictions. All funds must be established in Banner prior to initiating any purchases.

1.2 ENCUMBRANCE OF FUNDS

Sound fiscal management and tracking requires that all expenditures be made within the limits of available funds relating to approved project budgets. Funds must be encumbered in advance of any purchase, agreement or contract being awarded through the use of Banner Requisition and General Encumbrance documents.

Exceptions require prior written approval of the Senior Vice President for Finance.

1.3 AFTER THE FACT PURCHASES

Purchases made without **prior** approval are unauthorized purchases. All unauthorized purchases become the personal responsibility of the individual making the purchase.

An “after-the-fact” letter is required to receive approval for unauthorized purchases. Written correspondence must include an explanation and justification that will be subject to approval. Besides explaining why, the MURC policy was not followed, an explanation must be included that addresses efforts, (corrective action plan), to preclude this type of purchase from happening in the future. Original letters, e-mails, or fax correspondence will be acceptable.

Unauthorized purchases (after-the-fact) less than 30 days old will be reviewed by MURC Compliance for approval. Those that are more than 30 days old will be reviewed by the MURC Controller for approval.

1.4 PURCHASES FROM WEST VIRGINIA VENDORS

Preference should be given to West Virginia vendors whenever possible. Departments are actively encouraged to support this policy for the benefit of these vendors and the State’s economy. Departments are especially encouraged to buy from state vendors, minority-owned, woman-owned, and disadvantaged businesses.

2. PURCHASING METHODS

A major goal is to provide alternative purchasing methods which allow departments to purchase goods and services to meet project deadlines. The departments have the ability to properly process nearly all purchases of goods and services in advance of the need while operating within the constraints of MURC and grant requirements. These methods should preclude any need for “after-the-fact” documentation of purchases of goods and services. If one of the alternatives discussed below does not seem appropriate to your particular situation, please contact MURC Financial Compliance or the Office of Purchasing.

2.1 MURC PURCHASING CARD

The MURC purchasing card is the preferred method for small purchases. MURC departments are expected to use the MURC purchasing card to the fullest extent. Although some purchases are restricted, the card is generally available for the most purchases up to \$5,000 per transaction. This program is administered by MURC Financial Compliance. For more information, contact the MURC Purchasing Card Coordinator at 696-3792. *See section 3.2 for additional information. Also see the MURC Purchase Card Manual [Here](#)*

- **Quotation Summary (MURC-3)** – This form is used by departmental staff to summarize verbal quotations information.
- **Meeting/Training Documentation Form (MURC-4)** – This form is used by departmental staff to summarize critical information on meeting and training session costs.
- **Employee Reimbursement Form (MURC-5)** – This form is used by departmental staff to request reimbursement for non-travel expenses.
- **Encumbrance Payment Form (MURC-6)** – This form is used by departmental staff to request payments against Banner encumbrances where a vendor does not have a specific invoicing form.
- **Banner Vendor Registration Form** – This form is used by departmental staff to collect information about vendors for input to Banner. This form is to be sent to the MU Office of Purchasing upon completion.

4.1 TYPING THE FORMS

All paper forms submitted must be typed. Most forms can be found on the two following websites: <http://www.marshall.edu/purchasing/> or <http://www.marshall.edu/murc/forms>

4.2 SUBMISSION OF FORMS & SUPPORTING DOCUMENTS

All original paper forms and supporting documents must contain the document number on the face, preferably the upper right corner, of the document. All encumbrance (“E” documents) related documentation must be submitted directly to the MURC Compliance Office. All requisition (“R” documents) related documentation must be submitted directly to the MU Office of Purchasing. A copy of the requisition paperwork must also be submitted to MURC compliance for review and approval.

4.3 WRITING A SPECIFICATION

The specifications contained on a purchase order represent a combination legal document and technical paper. Specifications determine the quality level and basis for evaluation of bids and should be reviewed each time they are used. If your order is for items with special qualities, make specific references to the special requirements.

The following guidelines should be used in writing the specifications for your order:

Identify the minimum functional requirements necessary to accomplish your tasks. Allow for competitive bidding (don't be restrictive to certain brands unless a compatibility requirement has been established). List criteria on which each bid will be judged for compliance with specifications.

Although the specifications must be written to allow competitive bidding, this does not mean that the University must accept all bids regardless of quality. Items which are below the minimum quality level may be rejected on that basis. However, the specification set the minimum acceptable quality. The low bid that meets this level must be accepted in most instances. It is, therefore, necessary that the specifications be clear and concise, as all awards and justifications will be based only upon those written on the request for quotation.

The most common type of specification used is a name brand or "equivalent" type. This type of specification uses a manufacturer's name and catalog number and provides for the submission of equivalent products. When writing this type of specification, it is incumbent upon the writer to list the characteristics of the item being ordered so that the proper evaluation of any alternatives can be made. Rejection of low bid because it does not have characteristics not specifically listed, even though the catalog number on the item specified might indicate those characteristics, is difficult.

There are several sources from which you can obtain specifications. They include: catalogs, vendors, technical societies, associations of user manufacturers and the Marshall University Office of Purchasing. If you are unaware of something, contact your Purchasing Representative before submitting the requisition. This can avoid processing delays. If an omission or error is discovered in specifications after the bid is opened, this can result in all bids being rejected and a revised bid being issued, which takes more time and effort.

5. RECEIVING AND INVENTORY CONTROL

The Physical Plant (Materials Management/Central Receiving) area manages the receiving and shipping functions. As such, that area has responsibility for the receipt of goods and the delivery of supplies and equipment.

5.1 RECEIVING

Central Receiving operates departments in the Central Receiving Building and the Biotechnology Science Center which includes an internal delivery service. The objective of this service is to deliver supplies and equipment, which have been received against a purchase order, to the requesting department within 1 to 2 days of receipt. Packages will not be released or delivered until an approved purchase order has been received.

This service does not include the pick-up of materials for departments for delivery to other locations on campus. Personal orders will not be shipped to an individual on campus and must be picked up by the owner, since MURC supported resources may not be used for private purposes.

When supplies and equipment are received, receiving personnel inspect the material and report the receipt of material to effect payment for the goods.

Helpful Hint: Before you call Receiving to check on the status of a shipment, please call the vendor and confirm that the material has been shipped. Also, be prepared to give Receiving the appropriate purchase order number, encumbrance number, or credit card order information.

Problems can occur when receiving material which generally falls into of the of these three categories:

5.1.1 OVER SHIPMENTS

When more material is received than ordered the Receiving Department Supervisor must contact the department to coordinate disposition or resolution of the over shipment. After notification from Receiving, department personnel should utilize the following information to determine an appropriate action plan for acceptance or return of the material.

➤ Acceptance of Materials

Requisitions – A change order letter, including justification, requesting approval for a purchase order to be increased must be sent to MURC Compliance. If the grant budget allows for the additional materials purchased, the letter will be approved and forwarded to the Office of Purchasing for processing of the change order.

Encumbrances – A change order letter, including justification, requesting approval for an encumbrance to be increased must be sent to MURC Compliance. Upon approval, MURC Compliance will contact the encumbrance originator to process the increase.

➤ Return of Materials

Upon the department's decision to return the materials, a written notification is required to be sent to the Receiving Department who will arrange for the return of the over shipment. When vendor error caused the over shipment, then the vendor is expected to bear all costs associated with returning the material.

5.1.2 DAMAGED GOODS

Normally, visible damage is detected and reported to the vendor by Receiving. If you find hidden damage after signing for

the material, please contact the Receiving Supervisor immediately to determine the appropriate plan of action. Do not use any of the material and save all packing material.

5.1.3 **INCORRECT MATERIAL**

Vender Error. If something is received other than what you ordered, the Receiving Department will contact you. If you want to keep the material, a change order memorandum is required, or Receiving can return the goods for you.

Ordering Error. Material incorrectly ordered by the department may result in restocking and shipping charges which the department must pay. The return of such material must be coordinated by the department with the Receiving Department Supervisor. If the order is not going to be fulfilled, a change order cancelling the purchase order must be processed. A change order letter, including justification, requesting approval for cancellation of a purchase order must be sent to MURC Compliance. Upon arrival, the letter will be forwarded to the Office of Purchasing for processing of the change order cancellation.

➤ Acceptance of Materials.

- Requisitions – A change order letter, including justification, requesting approval for a purchase order amendment must be sent to MURC Compliance. If the grant budget allows for the additional materials purchased, the letter will be approved and forwarded to the Office of Purchasing for processing of the change order.
- Encumbrances – A change order letter, including justification, requesting approval for an encumbrance amendment must be sent to MURC Compliance. Upon approval, MURC Compliance will contact the encumbrance originator to process the amendment.

➤ Return of Materials.

- Upon the department's decision to return the materials, a written notification is required to be sent to the Receiving Department who will arrange for the return of the material. When vendor error caused the error, the vendor is expected to bear all costs associated with returning the material.

5.1.4 **OFF-SITE EQUIPMENT REPAIRS**

Should equipment require offsite repair, contact the supervisor of the appropriate University Receiving Department. Proper packing of the equipment for shipment is the responsibility of the department. However, the supervisor of the Receiving Department can coordinate all of their shipping arrangements. Please note that the Receiving Departments will not ship any equipment to a vendor for repair until they receive the vendor's copy of the order signed by the Office of Purchasing staff.

5.2 SHIPPING ADDRESSES

Shipments of supplies and equipment shall be made to one of the University's receiving departments. Changes in the "ship to" address must be approved by the appropriate Supervisor of Central Receiving.

5.3 EQUIPMENT INVENTORY

Equipment costing more than \$5,000 and having a useful life of one year or more must be included as inventory. The security of MURC equipment is the responsibility of the department having physical control. Ultimately, the Principal Investigator is responsible. If equipment is moved from one room or department to another, the Principal Investigator must notify MURC to update inventory records.

Once every two years, a physical inventory is conducted by MURC personnel. MURC property may not be cannibalized, traded-in, thrown into the dumpster, or disposed of in any way without the approval of the Principal Investigator and MURC. When disposing or relocating equipment, please contact MURC – Attention: Senior Accountant.

The Property Status form for reporting equipment disposal or movement can be found at: <http://www.marshall.edu/murc/forms/>

5.4 SURPLUS PROPERTY SALES

All equipment disposals must comply with the grant regulations. MURC participates in the University's public sales of surplus property. After checking grant regulations for disposal instructions, departments are encouraged to send obsolete, uneconomically repairable, and unusable property to Central Receiving for subsequent sale. Departments shall receive a portion of the proceeds from anything which sells, less sale expenses. Since storage space is extremely limited, please contact the Supervisor of Central Receiving before you send anything over. Usually an announcement is made 30 days prior to each sale.

6. SPECIAL INSTRUCTIONS & GUIDELINES

Numerous special purchasing instructions are often directed by outside agencies, the Board of Directors, or the Institution. MURC departments and the Office of Purchasing are required to follow those guidelines.

6.1 MAINTENANCE AGREEMENTS

All requests for maintenance agreements for equipment are to be submitted on a Banner requisition. The make, model, serial number and the MURC or University asset tag number for the equipment must be stated in item text of the requisition.

All maintenance agreements and addendum (MURC-2) must be signed by the vendor prior to submission. Purchasing will issue and sign the agreement and addendum for MURC.

Payments for maintenance can be made only after the services have been performed. If stated in the agreement, these payments may be made periodically as maintenance is performed. Dates of service should be kept within the project budget period and be indicated in item text of the requisition.

6.2 RADIOACTIVE MATERIALS

All requisitions for radioactive materials must be approved by the University Radiation Safety Officer (RSO) prior to forwarding to Purchasing. The department must obtain written approval from the RSO prior to beginning the Banner requisition. Include in the document text of the requisition the authorization number for radioactive purchases. The approval, with notation of the requisition number, must then be forwarded to the Office of Purchasing. Also, all shipments must be received through the Receiving Department in the Sorrell Maintenance Building or the Biotechnology Science Center.

Note: Telephone orders for radioisotopes are not permitted. Radioactive materials may not be ordered via Purchase Cards or encumbrance documents.

6.3 CANCELLING ORDERS

To cancel orders, vendors must be given 30 days' written notice. Orders may be cancelled in less time only when the vendor gives cause and breaches the contract or order. Whenever an order must be cancelled, e-mail the Office of Purchasing or the appropriate purchasing agent.

6.4 CHANGE ORDERS

When it is necessary to amend a purchase order, the department may request a change order via a memorandum or e-mail to MURC Compliance. The memorandum must clearly state what changes are required. Please provide a reason for the

change, and reference the vendor's name, purchase order number, and the Banner fund. After approval of the grant expenditure change by MURC Compliance, all information will be forwarded to the Office of Purchasing for processing.

6.5 REPAIRS TO EQUIPMENT

Repairs to office, scientific, or educational equipment require the issuance of an approved University purchase order or paid by credit card. This includes equipment which must be shipped back to the vendor for repair.

When equipment is repaired on-site, the department must prepare a requisition and process it through Purchasing. Unless otherwise noted, orders that contain labor charges are no longer paid by P-card. If the vendor requires a confirming order number before the service call will be made, please advise your purchasing representative. Although the exact charges may not be known, please estimate the charges. List estimated charges as two separate items, one for labor and one for parts. Note: The department is solely responsible for all charges.

Should the equipment require off-site repair, contact the supervisor of the appropriate University Receiving Department. Proper packing of the equipment for shipment is the responsibility of the department. However, the supervisor of the Receiving Department can coordinate all other shipping arrangements. Again, a requisition must be prepared in advance to cover repair and shipping costs. If the exact charges are not known, an estimate is acceptable. Please include the serial number of the equipment, the University tag number, the building and room number, the name of the contact person, and a brief description of the problem. Forward the electronic requisition to Purchasing. Please note that the Receiving Departments will not ship any equipment to a vendor for repair until they receive the vendor's copy of the order signed by purchasing.

Departments are responsible for getting the packages to Receiving.

6.6 TRADE-IN OF EQUIPMENT

Trade-in of used equipment may be permitted. The first step in the trade in process is to complete a MURC Property Status Form which located [Here](#). This form must be attached to a memo containing all descriptive data for the asset being traded-in and the asset being acquired. Additionally, your intent to trade a piece of equipment must be clearly stated on the requisition. Final approval of a trade-in transaction is vested with MURC Finance and must comply with the grant regulations.

6.7 LEASED SPACE

Prior approval is not needed if the request for temporary space meets the following criteria:

- The space requested is not for use as office space
- The use of the space is for a period of six months or less;

- The total rental amount is less than \$2,000 for the event or use during the project budget year;
- There is no contract, rental agreement, etc. to be signed.
- The delegated authority to lease temporary space by the spending unit has not been revoked.

If these conditions are met, a Banner encumbrance should be prepared as outlined in Section 2.2 above.

For all other space leases, a Banner requisition is required.

6.8 EMERGENCY PURCHASES

Emergency purchases may be made only when there exists a threat to public health, welfare, or safety such as may arise by reason of floods, epidemics, riots, equipment failures, or to meet bona fide emergencies.

A written letter of justification explaining the basis for the emergency and for the selection of the particular vendor must accompany the requisition. Emergency procurement shall be limited to those supplies, equipment, services, or construction items necessary to meet the emergency. Such competition as is practicable shall be obtained.

6.9 SELECTING A CONSULTANT OR PROFESSIONAL SERVICE

All purchases of professional or consulting services require the completion of a MURC Service Agreement Form. (See Section 2.3.4) If over \$5,000, does the requested professional or technical service lend itself to competitive bidding?

Yes – Submit requisition describing requested service;

If <\$1000 quotations may be obtained by the department as outlined in Section 3.3.

- x When \$1000 and over, ~~competitive bidding~~ required as outlined in Section 3.4 ~~competitive bidding~~

No – Submit Service Agreement Form to vendor for signature if vendor does not have their own contract form.

- Upon return of agreement, complete requisition
- Attach sole source justification letter

Special Note: All services provided by MU or MURC faculty and staff must be paid through Payroll regardless of the amount. (See Section 5.13)

6.10 MEETING/CONFERENCE COSTS

Meeting/Conference expenses include food, non-alcoholic beverages, facility rental, and other meeting expenses related to conducting MURC business. For grant funds to be used, meals for a meeting/conference must be an integral and necessary part of the meeting/conference (i.e. business is transacted during the meal) and be consistent with the terms of the award.

Meals for meetings/conferences are unallowable when:

- The food is for a recurring business meeting, such as a staff meeting
- The award is from NIH and the primary purpose of the grant was to support a conference or meeting (see definition of conference below)
- The award is from NSF

2 CFR 200.432 defines "conference" as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity (MURC) and necessary and reasonable for successful performance under the federal award.

A list of attendees and the meeting purpose or meeting agenda must be submitted for each payment requested. The information must be included in banner document text in summary form and the paper documents must be forwarded to MURC Compliance. The form can be found [Here](#).

6.11 AGREEMENT ADDENDUM (MURC-2)

Many purchases from vendors are qualified by additional terms and conditions. Often these appear on the back side of quotations, maintenance agreements, and software licenses. In each instance the vendor's terms and conditions must be modified in order to conform to West Virginia law. Modifications are accomplished through the MURC-2 Agreement Addendum which can be downloaded at: <http://www.marshall.edu/murc/forms/>. Fax copies should not be used.

6.12 INDEPENDENT CONTRACTOR OR EMPLOYEE

The Internal Revenue Service (IRS) segregates workers into two categories – employees and independent contractors. Employees have an ongoing relationship with their employer and are paid through the University payroll system. Independent contractors provide particular services to the general public and are paid by the job. Payment to them is made through the University procurement system. IRS regulations require that the independent contractor status be verified. Please insure that this verification is accomplished prior to any service being performed.

Determination of Independent Contractor Worksheet Independent Contractor Declaration

The Famous 20 Factors

International Independent Contractors

7. BANNER DOCUMENT APPROVALS

Prior to starting the purchasing process, an electronic approval path must be established in Banner for each MURC fund. The Principal Investigator designates any individual who will be granted approval authority and system access to their project(s) through the use of specific forms.

7.1 FORMS

The Banner Finance Privilege Request Form and Electronic Approvals Application establish the electronic signature authority. These forms are located [Here](#).

- Chart 2 must be designated on both forms for MURC funds.
- All forms must be signed by the requestor/approver.
- All forms must be approved by the Principal Investigator.
- All information must be legible
- These forms must be completed and notification received from the Office of Purchasing before any encumbrance or requisition entry is initiated.

7.2 APPROVAL PROCESS

After the approval queue has been established in Banner, the following steps make up the approval path:

- Document originator completes encumbrances and requisitions.
- Banner forwards document to first line approval queue (PI or designee)
- Banner forwards approved documents from first queue to second approval queue (MURC Compliance)
- Banner forwards approved encumbrances to MURC Accounts Payable for payment of invoices.
- Banner forwards approved requisitions to the Office of Purchasing for review and issuance of Purchase Order.

7.3 DOCUMENT DISAPPROVAL

When a document is disapproved in Banner, the system routes the document back to the originator. A message is also generated in Banner to the originator containing the reason it was returned. The originator should correct the problems and re-complete the document in Banner. That will return the document to the approval process.

7.4 EGEN: When a Banner requisition or encumbrance document has been completed against a fund for which a specific approval queue has not been established, the system utilizes a general queue to temporarily hold the document. The Office of Purchasing staff first reviews the EGEN queue to determine if the approval documents have been received for that fund. If so, the queue is established. If not, they check with MURC Compliance to see if the queue forms are in process. When the forms are received in Purchasing and the queue is established, the document is then disapproved back to the originator. The originator must re-complete the document which will follow the approval process.