AGENDA

1. Welcome – Vice President of Administration & Finance, Deborah Wallace
2. Procurement Process Requirements
   a. Unauthorized Purchases Survey Results
   b. Unauthorized Purchases (After-the-Fact)
   c. Direct Pay vs. Purchase Requisition
   d. Pcard Use & Requirements
   e. Procurement Benefit Tracker
3. Hospitality Policy Requirements
4. Q&A
Unauthorized Purchases Survey Results

1. I was unaware of the “Unauthorized Purchase” Policy
   - Procurement and Contracts Campus Purchasing Policy Training Scheduled for
     - March 11th, 2:00 pm – 3:30 pm
     - April 8th, 2:00 pm – 3:30 pm
   - PeopleSoft Refresher
   - TBD (Requisition input changes)

2. It was an emergency, there was no time for procurement process
   - Involve Procurement in the event of an Emergency
   - Existing policy for emergency situations

3. Procurement is too slow
   - Bid Thresholds
   - Contract Negotiation
   - Insurance - Risk Assessment
   - New Vendor
   - Approvals
     - IT/Accessibility Technology Initiative (ATI)
     - Security Review
     - Furniture
     - Hospitality
     - Independent Contractor compliance verification
What is an After-the-Fact Purchase (Unauthorized Purchase)?

• AKA “Confirming Order”

• Occurs when a University Employee places an order directly with the vendor for goods and/or services without the issuance of an authorized Purchase Order by Procurement and Contracts.

• An unauthorized commitment of University funds.

• A requisition is entered into PeopleSoft After-the-Fact in an attempt to pay the vendor.
Why are After-the-Fact Purchases an Issue?

1. After-the-Fact purchases are a violation of State Law and CSU policy

The authority to purchase goods, services or to enter into contracts is delegated as follows:

   a. State law - (Education Code § 89036, Public Contract Code § 10430(a), 12100.5, and 12120)
   b. Board of Trustees of the CSU (Standing Orders of the Board of Trustees (S.O.), Chapter II)
   c. Chancellor of the CSU (ICSUAM 5101)
   d. Presidents (Executive Order 775 & ICSUAM 5102)
   e. Vice President/CFO and Associate Vice President, Administration and Finance
   f. Procurement (Ensures that all activity is consistent with ICSUAM policies)

Violations of these laws and policies may result in the individual being personally responsible for payment.
Why are After-the-Fact Purchases an Issue?

2. Audit finding
   • Delegation of Authority
   • Invoices that predate PO’s

4. Potential Liability
   • Insurance (Risk Assessment)
   • Unfavorable terms and conditions signed by University personnel
   • Protecting the University

5. Missed Opportunities
   • Potential Procurement Benefit
   • Favorable Terms

6. Affects Supplier Relationships
   • Late Payment = Bad Reputation
   • Undermines the strong working relationships the University strives to create and sustain with its supplier partners.
Purchasing Mechanisms

- Requisition
- Pcard
- Direct Pay Form
## Direct Pay vs. Purchase Requisition

### Direct Pay:
- Advertisements > $5K PO
- Athletics Game, Officials, Announcers, Choreographers > $2.5K PO
- Campus Event Décor > $2.5K PO
- Graphic Design Services > $2.5K PO
- Honorarium - lecturer/speaker > $5K PO
- Instructional Supplies > $1K PO
- Performers/Support – Student > $2.5K PO
- Performers/Support – Meeting/Banquets > $2.5K PO
- Writing/Editing/Proofing Services > $2.5K PO

### Requisition:
- To be used when a Pcard or Direct Pay cannot be utilized.
- Services (IT/Non-IT)
  - Vendor on-site performing services
  - Vendor providing Professional Services
- Insurance
- Hazardous
- Software/Licenses/Hardware
- Equipment
- Furniture
- Temporary Employment Placements
- Leases/MOU’s, requires a signed contract
Pcard Use & Requirements

Pcard Violations (Misuse of Card and Pcard Requirements)

What is considered a Pcard Violation?

1. Personal Purchase
2. Split Purchase
3. Purchase of Restricted/Prohibited Items without prior approvals
4. Missing Documentation (Receipts, Hospitality, etc.)
5. Late Reconciliation Submittal
6. Reconciliation Submittal
7. Home Deliveries, unless authorized

Three violations in a six month period will subject the cardholder to a thirty (30) day suspension. The cardholder will be required to attend a P-card Refresher Training to reinstate P-card privileges. Continual violation of any part of the policy may result in the revocation of P-card privileges and card cancellation.
Procurement Benefit is the amount of annual benefit generated by procurement action.

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Cost Reduction</td>
<td>Benefit achieved when procurement action results in a total cost that is lower than baseline cost, and the baseline cost calculation is supported by documented historical price (i.e., previous contract, historical costs, or imputed historical cost).</td>
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<tr>
<td>Cost Avoidance</td>
<td>Benefit achieved when procurement action results in avoidance of additional cost (i.e., maintenance fees, requested price increases, or other ancillary costs).</td>
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<tr>
<td>Incentives</td>
<td>Benefit achieved when procurement action results in new gross incentive (based on volume, compliance/utilization, transaction size, electronic payment, e-commerce, signing bonus, GPO, management fees, etc.).</td>
</tr>
<tr>
<td>Revenue</td>
<td>Benefit achieved when procurement action results in new revenue generating projects.</td>
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<tr>
<td>Efficiency</td>
<td>Benefit achieved when procurement actions result in improved process, and/or organizational efficiency through the use of technology or other means such as lean process redesign or combination thereof.</td>
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Procurement Benefit 3-year Goal

3-year Goal

- Year 1: $275,000
- Year 2: $371,020
- Year 3: $556,531

FY 18/19 & 19/20 Achieved

- Year 1: $356,864
- Year 2: $1,178,730
What can you do to help?

• Communicate with Procurement *Early* before starting your project
• Allow realistic timeframes to conduct competitive solicitations
• Reduce Maverick Spend
• Visit Procurement webpage for latest policy updates
• Encourage your staff to attend the Procurement and Contracts Training
• Remind your staff not to sign *any* vendor documents
• Provide feedback on Procurement issues (If we don’t know, we can’t help)
Hospitality Policy

Lorena Raymundo-Yusuf, Manager of Accounting Services
Kara Bush, Accounts Payable Lead
CSUDH Hospitality

• Revisions
  • Pre-approval encouraged but no longer required
  • Delegation of authority to a designee
    • Managerial position
    • Submit memo to Accounting or attach to hospitality form
CSUDH Hospitality Reminders

- Approvals
  - AVP or Dean or designee
  - VP or designee approval required for employee only meetings
  - VP and CFO or designee approval required for purchase of gift cards
  - Approval for hospitality expenses related to recreational, sporting, or entertainment events – delegated to VPs
  - If EIC is signing on behalf of VP, attach documentation of such delegation
  - Department/Division responsibility of ensuring the appropriateness of expense
CSUDH Hospitality Reminders

- Awards and Prizes
  - Gift cards or other cash equivalent
    - $50 limit – state funds
    - Reportable to Payroll (employee) or Financial Aid (student)
  - Non-cash
    - $100 limit – state funds
    - Reportable to Payroll (employee) or Accounting (student)
  - Maintain Awards and Prizes log
CSUDH Hospitality

**Allowed** (Activity must have business purpose)
- Entertainment Services
- Food and beverage
- Awards and prizes
- Promotional items

**Not Allowed**
- Alcohol/Tobacco
- Membership in social organization
- Retirement/Farewell parties
- Bereavement/Get well flowers
- Water service for employee convenience
- Expenses that are personal in nature (birthday, wedding, anniversary, baby shower)
Questions
Thank You!

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