# Purchasing Policy

**PENSACOLA CHRISTIAN COLLEGE AND AFFILIATES**
**PURCHASING POLICY**

# Contents

# SECTION 1 – Guiding Principles

## 1.1 Mission

The mission of this policy is to ensure that the goods and services necessary for the operation of the ministry are procured in a consistently professional manner. The expectation is that the ministry will obtain the best value in compliance with statutory laws and policies and in accordance with overall best practices.

Due to the varied requirements throughout ministry operations, Pensacola Christian College and its affiliates operate with a decentralized purchasing structure while simultaneously maintaining a centralized purchasing authority that provides ministry-wide purchasing oversight and guidance. All individuals are expected to adhere to these policies while performing their tasks consistently in an effective, prudent, and ethical manner.

By delegation of the President, the Assistant to the President for Business Affairs is responsible for the purchasing functions of the organization.

## 1.2 Purpose

The purpose of this policy is to outline expectations related to the purchase of goods and services. This policy is to be followed by all departments and personnel.

## 1.3 Ethics

**Business Ethics**
Purchasing activities should adhere to the following guidelines derived from the Code of Ethics of the National Association of Educational Buyers:

- Give first consideration to organizational objectives and policies.
- Strive to obtain the maximum value for each dollar of expenditure.
- Graciously decline offers of personal gifts or gratuities by suppliers.
- Grant all competitive suppliers equal consideration regarding state and/or federal statutes and institutional policy.
- Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
- Demand honesty in sales representation whether offered through verbal or written statements, advertisements, or product samples.
- Receive consent from the originator of proprietary ideas and designs before using them for competitive purchasing purposes.
- Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier, and/or be willing to submit major controversies to a third-party review, mediation, or arbitration, as far as current policies permit.
- Accord a prompt and courteous reception for all who call on legitimate business missions.
- Cooperate with trade, industrial, and professional associations, as well as governmental and private agencies, for the purpose of promoting and developing sound business methods.
- Foster fair, ethical, and legal practices.

**Conflicts of Interest**
Employees of Pensacola Christian College and Affiliates will avoid situations in which a conflict of interest may occur. Any actual or perceived conflict of interest either by the person initiating the request or by an individual approving the request must be disclosed to the CFO prior to committing to the purchase of the goods or services. This includes, but is not limited to, any circumstances which may provide financial gain to the employee, a member of his or her family or household, or to a business partner.

Acquisitions from a business in which an employee OR relative has an interest is prohibited unless full disclosure of the background facts are presented in writing to, and subsequently approved by, the CFO prior to the initiation of any transaction. Written approval in the form of an email or memo must be attached to the purchase requisition as verification of attestation.

If a conflict of interest exists for an individual approving a transaction, the CFO should be notified, and the approval should be delegated to another individual for his review.

# SECTION 2 – Approval and Authority

## 2.1 Authority

All funds of the College and Affiliates, regardless of source, must be managed in accordance with this policy. Although departments are allocated funds in their budgets for a given period, this allocation is only an authority to seek approval to spend, not to purchase.

## 2.2 Signing Authority

The College and Affiliates are a large ministry that enters into numerous contracts and agreements for goods and services annually. A contract is an agreement between two or more parties that creates a legal obligation. Per the Signing Authority Policy, only certain individuals have been given the authority to sign contracts.

## 2.3 General Roles and Responsibility

**Departments**
The departments are to ensure that purchases are reasonable, appropriate, and necessary to achieve the expected goals or outcomes of the program, project, or task.

**Employees/Requestors**
Employees and requestors are responsible for acting in the best interest of the ministry. When purchasing goods and services, individuals must initiate requests in compliance with this policy and with consideration for the Purchase Requisition to Purchase Order process within Workday. Requesters are responsible for managing the lifecycle of each request and following through to ensure all requests are completely closed.

Individuals should acquire and maintain proper documentation to justify expenditures for goods and services. Those individuals with purchasing and/or travel cards are responsible for maintaining itemized receipts, supporting documentation, reconciling cardholder statements weekly, and following proper credit card security measures.

## 2.4 Approvers: Roles and Responsibilities

The commitment of any purchasing transaction, either verbal or written, prior to administrative review and approval in accordance with these authorizations is prohibited. The process of review by approvers in Workday serves as a critical internal control to ensure that transactions are appropriate, allocated to the proper worktags and that documentation is complete.

**Cost Center Analyst**—Reviews every transaction. This approver is responsible for ensuring that the requisition is appropriately completed, the business purpose justification is complete, worktags are accurate, and required documentation is attached.

- No approval authority

**Cost Center Manager**—Reviews every transaction. This approver is responsible for being the gatekeeper of requisitions and ensuring that the transaction is allowable, allocable, reasonable, and within budget.

- Approves transactions up to $5,000

**Program Manager (only when a program worktag is selected)**—Reviews only transactions recorded to a particular program. Is responsible for ensuring that transactions assigned to a program are expected, within budget, and appropriate. Examples of programs are areas of study such as Natural Sciences or specific activities where costs want to be tracked (e.g., College Days, Ladies Celebration, etc.).

- No approval authority

**Project Manager (only when a project worktag is selected)**—Reviews only transactions recorded to a particular project. Is responsible for ensuring that transactions assigned to a project are expected, within budget, and appropriate. Examples of projects are scenarios associated with major spending requests or capital improvements.

- No approval authority

**Area Director (person who is over multiple cost centers)**—Reviews any transaction over $5,000. This approver is responsible for monitoring and managing the overall costs of larger transactions to ensure that the expenditure is in line with the mission and purpose and within budget.

- Approves transactions over $5,000

**Finance Executive**—Reviews any transaction over $10,000. This individual is responsible for monitoring and managing the overall costs of larger transactions to ensure that the expenditure is in line with the mission and purpose and within budget.

- Approves transactions over $10,000

# SECTION 3 – General Purchasing Guidelines

## 3.1 Sales Tax Exemption *(Non-profit Only)*

Pensacola Christian College, Abeka Academy, and YOM, are exempt from the payment of sales tax. Employees making purchases on behalf of those companies have the responsibility to notify suppliers of their tax-exempt status by providing them with a copy of the Sales Tax Exemption Certificate, which is available from Accounts Payable.

## 3.2 Purchasing/Travel Card

The Treasury supports the Purchasing/Travel Card program by providing credit cards to Cost Centers and authorized staff. Transactions completed with the use of a purchasing/travel card must be settled in Workday with an itemized receipt.

## 3.3 Description of Business Purpose

When seeking approval to spend, the “description” of the goods, services, or travel, that is being procured must be entered. A clearly stated Business Purpose should adequately describe “why” the expense is a necessary, reasonable, and appropriate business expense.

The following provides examples of unacceptable vs. detailed descriptions:

| **Unacceptable Description** | **Detailed Description** |
|---|---|
| Groceries | Drinks and snacks for a student meet and greet event on 8/12/2024 in the Commons; 150 attendees |
| Office Supplies | Pens, pencils, and notebooks for Student Activities center |
| Conference | Attendance at International College Leaders to keep up on current trends and for professional development |
| Lunch | Lunch with a donor to discuss giving opportunities to support student scholarships |

## 3.4 Special Sourcing of Goods and Services

If you need to purchase any of the following items, communicate with the corresponding department listed below so they can assist you with completing the requisition utilizing their expertise and/or preferred providers.

| Department | Expenditure Type |
|---|---|
| Safety Compliance | Personal Fall Protection, Ladders, Respirators, PPE, Safety, Sanitation |
| IT | Computer Equipment, Software, and Software Subscriptions |
| Interiors | Furniture/Artwork |
| Transportation | Vehicles, Golfcarts, vehicle repair |

# SECTION 4 – Purchasing Goods/Services

Submitting transactions through Workday via the requisition process, contract module, or supplier invoice request ensures proper authorization, financial control, and compliance with organizational policies. This structured approach streamlines procurement, enhances transparency, and facilitates accurate record-keeping for budgeting and auditing purposes.

- **Requisition Process (Section 4.2)** The requisition process in Workday allows users to request goods, ensuring proper approval, budget validation, and procurement compliance before a purchase is made.
- **Contract Request (Section 4.3)** The contract request platform streamlines the review process for expenditures requiring a Statement of Work or Contract by ensuring proper approvals, budget validation, competitive pricing assessment, and thorough verification of terms and conditions are made.
- **Supplier Invoice Request (Section 4.4):** The supplier invoice request module enables users to submit invoices for certain payment when a purchase order is not required.
- **Emergency Purchase (Section 4.5):** An Emergency Purchase is allowed when the need for supplies and/or services exists to the extent that if not procured immediately, serious safety, financial, or operational loss will occur. Emergencies can be caused by the breakdown of essential equipment, damage caused by weather, sudden illness, etc.

Under no circumstances may procurement of goods and/or services be artificially labeled as an “emergency” or divided into separate transactions to avoid the need for a contractual agreement or competitive bid thresholds under this policy.

## 4.1 – Procurement Decision Tree

Based on the nature of the expenditure and transaction amount, the following table will provide general direction regarding the processing of the expenditure and the required documentation.

| Type | Transaction Amount | Process | Competitive Quote | Documentation / Contract |
|---|---|---|---|---|
| Goods | < $20,000 | Requisition | One quote that represents best pricing | Purchase Order |
| Services including Independent Contractors | < $20,000 | Contract Request Form | One quote that represents best pricing | Statement of Work |
| Goods and/or Services including Independent Contractors | $20,000 - $99,999 | Contract Request Form | 2-3 informal quotes, or Sole Source Justification | Supplier Contract or Standard Contract |
| Goods and/or Services including Independent Contractors | ≥ $100,000 | Contract Request Form | 2-3 formal quotes or RFP as directed by the Assistant to the President for Business Affairs, or Sole Source Justification | Supplier Contract or Standard Contract |
| Utilities, Regular Services, etc. | All | Supplier Invoice Request | NA | Supplier invoice |
| Emergency purchase of goods | Up to $5,000 | Requisition after the fact | NA | Itemized receipt |

## 4.2 Requisition

Purchasers need to submit a request to purchase through a requisition to ensure proper authorization, budget approval, and tracking of expenses within the organization. This process helps maintain accountability, prevents unauthorized spending, and streamlines procurement by standardizing requests and approvals.

Initiation of a requisition must be established with sufficient lead time to allow for approvals and the solicitation of quotes when required.

**Required Documentation**

Supporting documentation must be attached to a requisition to provide justification, verify pricing, and ensure compliance with organizational policies and audit requirements. Pictures, informal quotes, "shopping cart," email communication, etc. of the item(s) that are being purchased can be attached to the requisition in Workday.

**Assign the Appropriate Worktags**

Worktags are identifiers used to describe and group transactions in Workday. As a requisition is entered, the appropriate worktags must be selected.

- Cost Center—department
- Revenue Category—type of revenue
- Spend Category—type of expense
- Program (if applicable)—activity area
- Project (if applicable)—major spending, capital improvement
- Location (if applicable)—which building

**Approvals**

After required elements are provided in the system, the requisition will be routed for approvals based on worktags and spend amount. Procurement may commence after approval has been received in Workday.

## 4.3 Contract Request

If services are being acquired, or the estimated cost of the purchase exceeds $20,000 then additional processes will need to be engaged to ensure that the ministry is getting competitive pricing and is adequately protected through a contractual agreement.

**Competitive Quote Requirement**

The competitive quotation documentation serves to provide evidence that best pricing and value has been acquired. The competitive procurement requirements can be satisfied through informal quotes or formal bidding as defined below.

*Informal quotes* – competitive quotations from multiple suppliers using an informal method such as email or online cart.

*RFP or Formal bids* – a process of soliciting bids from multiple suppliers. The process is used when the proposed contract amount is estimated to be above $100,000 and the specifications can be sufficiently defined. The Assistant to the President for Business Affairs should be consulted to determine the best approach for obtaining formal bids.

**Contractual Agreement**

The contractual agreement provides evidence that the College or Affiliate is protected through a Statement of Work, a contract provided by a supplier, or utilization of the College and Affiliates standard contract template.

**Contract Request Process**

Managers in each area have access to the **Contract Request Form** and will enter details regarding the goods and/or services being procured. Competitive quotes, or formal bids and unsigned contractual agreements are uploaded into the system for review during the pre-approval process.

This process enforces compliance with the Signing Authority Policy, ensures review of services providers by Employee Services for Independent Contractor determination, and allows the contract or Statement of Work to undergo a series of reviews before being distributed for signature by the College or Affiliates and the supplier.

**Sole Source Exception to the Competitive Quote Threshold Policy**

A supplier, individual, or manufacturer is considered a Sole Source in cases where only one product or service can meet the specifications described by the requisitioner and only one supplier can provide that product. A Sole Source justification is completed during the contract preapproval process and must include sufficient detail to fully defend the position that the substitution of a product or supplier is not feasible. Reasons of convenience or expediency alone are not sufficient reasons to bypass the competitive bidding process.

**Approvals**

The general approval process is as follows:

- Employee Services reviews the Independent Contractor Determination to ensure proper designation of the supplier.
- Area managers review the allowability of the expenditure and potential costs associated with the contract.
- If applicable, Sole Source justification is reviewed.
- The Assistant to the President for Business Affairs reviews the contract language for appropriate terms and conditions. Reviews for business justification of prepayments, deposits, and/or phase payments.

After the contract has been approved, it is then routed to the appropriate individual for signing based on the Signing Authority Policy. After the contract has been signed by both parties, services may commence. Under no circumstances may services be provided without a statement of work or contract in place.

**Insurance Requirements**

If the procurement of services requires a contract, providers are required to carry insurance to protect themselves and the College and Affiliates from loss. Unless more specific insurance provisions are stipulated in an agreement, such as, but not limited to, agreements for construction, maintenance, facilities, architects, and independent contractors, a supplier performing work will be required to maintain the following insurance coverage at the supplier's own expense. It is the supplier's responsibility to ensure that the required insurance remains in effect for the entire duration of their work at or for the College or Affiliate.

- **Workers' Compensation**—The supplier must maintain Workers' Compensation insurance within Florida statutory limits.

- **General and Automobile Liability**—The College and Affiliates require Commercial General Liability ($1M) and Automobile Liability ($500K) (including non-owned liability) insurance coverage per occurrence.

- **Additional Insured and Waiver of Subrogation**—The College and Affiliates shall be named as *Additional Insured* in respects to General Liability and Automobile Liability on a primary and non-contributory basis. All insurance, including Workers' Compensation, shall waive the right of subrogation against the College and Affiliates.

The insurance requirement is a part of the Standard Contract. The contract approval process will help ensure that the supplier has these in place prior to completion of the contract process.

**Integration into Workday**
All contracts/Statements of Work must be entered into Workday. Once an invoice is received from the supplier it must be processed as a Supplier Invoice Request and the signed contract must be attached.

## 4.4 Supplier Invoice Request

Some expenditures are a result of services provided to the ministry that are a part of regular business. This includes utilities, royalties, insurance, and shipping. These services are billed to the ministry after services are provided and the amount billed is based on the quantity of services used. These types of expenses do not require pre-approval but can be entered into Workday as a Supplier Invoice Request. All invoices entered into the Supplier Invoice Request module will be routed for approval before a check is issued.

**Auxiliary Inventory Requisition System**
Some areas use an auxiliary inventory and purchasing system to create requisitions and generate purchase orders (POs) for needed supplies, but payments are processed separately through Workday (Print Shop, Bookstore, Food Services). Once a requisition is approved, a PO is sent to the supplier, who then fulfills the order. Instead of paying through the auxiliary system, the supplier submits an invoice, and the department processes it using Workday's Supplier Invoice Request. After review and approval, Workday facilitates the payment. While the auxiliary system manages requisitions and POs, Workday handles supplier payments, ensuring a streamlined but distinct process for ordering and payment.

**Blanket (Not to Exceed) Purchase Orders**
Departments need to assess their frequent use of certain suppliers. Rather than submitting separate requisition throughout the year, consult with the Assistant to the President on Business Affairs to assess if efficiencies and strategic pricing can be obtained by negotiating with the supplier and creating a blanket purchase order.

A blanket order may cover a period of 6 to 12 months. Thresholds for quotes or Request for Proposal (RFP) will be the same as regular Purchase Orders and will reference the Blanket Purchase Order total (the expected sum of all purchases). The invoices are submitted as a Supplier Invoice Request.

Unauthorized expenditures that are submitted through this module will be rejected and will need to be resubmitted and processed appropriately.

## 4.5 Emergency Purchase

An Emergency Purchase is allowed when the need for supplies and/or services exists to the extent that if not procured immediately, serious safety, financial, or operational loss will occur. Emergencies can be caused by the breakdown of essential equipment, damage caused by weather, sudden illness, etc.

Emergency purchases are authorized up to $5,000 and can be funded using a purchasing card. To initiate an emergency purchase, requestors must notify their supervisor and obtain verbal approval for the action that is being taken. The department/individual handling the emergency is to collaborate with the supplier(s) to secure products and/or services needed to ensure continuous operation of the College and Affiliates.

After the employee returns from making an "emergency purchase," he/she would need to submit the requisition for approval "after the fact" in Workday. The itemized receipt that was obtained by making the purchase will be used in creating the requisition.

The requisition will go through regular approvals for payment and the itemized receipt will be used to settle the credit card transaction.

**Under no circumstances, except valid emergencies, should a supplier begin work on campus without a contract that includes documentation of insurance.**

# SECTION 5 – Travel

## 5.1 Preapproval Process

All business-related travel (individual, or group) must be preapproved through the completion of the Travel Authorization Request, comply with the Travel Policy, and be preapproved in Workday before travel commences.

Once the Travel Authorization Request is approved, travel coordinators create the Spend Authorization in Workday. The Spend Authorization must have a clear description and justification as stated on the Travel Authorization Request form.

**Evidence of the approved Travel Authorization Request must be attached to the Spend Authorization.** If a group is traveling, the approved Travel Authorization Request must be attached to each traveler's Spend Authorization. This will facilitate the review and approval by the manager.

## 5.2 Settlement of Travel Expenditures

Upon return from the trip, transactions must be settled in Workday within five days of the last day of travel. Failure to do so will result in future travel requests being suspended.

A daily per diem amount is built into the Spend Authorization. Travelers will be personally responsible for reimbursing the College or Affiliate for travel-related expenses that exceed this daily amount. Once notification is made, a traveler will have thirty (30) days to reimburse the funds. Failure to do so will result in future travel requests being suspended.

# SECTION 6 – Other Purchasing Guidelines

## 6.1 Use of Personal Funds for Purchasing Good and Services

Since all expenditures need to be preapproved in Workday, there should not be a need for employees to use personal funds for purchasing goods and services on behalf of the College and Affiliates except in emergency situations. Those who do are not guaranteed a reimbursement. The itemized receipt will be evaluated by the Cost Center Manager for adequate business justification before approving the reimbursement. Under no circumstances may an employee pay a third party (e.g., caterer, photographer, etc.) and then seek reimbursement for the amount. This practice is not allowed, principally for tax-reporting and insurance reasons.

## 6.2 Use of Personal Funds for Travel-Related Expenditures

When traveling, an employee should use a travel card for completing expenditures. Only travel-related expenditures should be charged to the card. Itemized receipts must be kept and used to reconcile the card transactions upon return. Use of personal funds for business-related expenditures should be limited.

## 6.3 Reimbursements

The individual's full legal name and employee ID number must be entered into the supplier area of the requisition. All original receipts must be attached.

- Receipts MUST be provided and itemized.
- Business-related entertainment expenses must include the names of all guests, the business affiliation of each guest, and the business purpose of the expenditure.
- Mileage requests must include the beginning and ending odometer reading.

## 6.4 Honoraria (Guest Speakers and Performers)

Honorariums can be paid to non-employees. A letter of engagement must be attached to the requisition, and a completed Form W-9 should also be attached to comply with IRS requirements.

Honorariums for employees are processed through Employee Services in accordance with the approved Honorarium pay schedule which is managed by the Executive Office.

## 6.5 Gifts/Awards and Celebratory Events

The College and Affiliates comply with all federal and state tax regulations concerning the tax treatment of gifts, prizes, awards, and gift cards to faculty, staff, students, and non-employees.

Employees can be honored for their accomplishments with awards. The department should work directly with Employee Services for any award to ensure that it is treated appropriately.

Departmental celebratory events or team-building activities should align with budgetary considerations, ensure inclusivity and responsible stewardship of resources. All events must utilize Special Events when possible and be preapproved by the President.

College and Affiliate funds cannot be used to honor individuals for significant life events such as weddings, anniversaries, the birth of a child, birthdays, etc. The department may organize a collection for these recognitions.

## 6.6 Petty Cash

Petty cash is available at the Cashier's Office and can be used for emergency or instantaneous purchases of goods with legitimate business purpose under $25.00. Other methods of purchasing should be used prior to accessing petty cash. An itemized receipt MUST be provided to reconcile the expenditure. Other petty cash funds should not be established except for those that have obtained approval through the Treasurer's Office.

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