



Purchasing Services

Policies and Procedures

Purchasing Services operates a centralized resource to ensure that goods and services are procured at the maximum value, in compliance with university and governmental policies, and in accordance with best practices.

General Information: (213) 740-2281

www.usc.edu/purchasing

TABLE OF CONTENTS

INTRODUCTION	1
SECTION 1 AUTHORITY TO ENTER INTO PROCUREMENT AGREEMENTS	
1.1 Authorized Procurement Agreement Signers	3
1.2 Authority to Buy vs. Authority to Sign Agreements	3
1.3 Additional Authorized Procurement Agreement Signers	4
SECTION 2 BIDDING REQUIREMENTS / EXCEPTIONS TO BID REQUIREMENT	
2.1 Bidding Authority	5
2.2 \$5,000 Bidding Threshold	5
2.3 Bidding Procedures	5
2.4 Direct Contact with Suppliers	6
2.5 No Bidding when Contract Supplier	6
2.6 No Bidding with Sole Source Justification	7
2.7 No Bidding for Specific Services	7
SECTION 3 SUPPLIER USAGE GUIDELINES	
3.1 Contract Suppliers	8
3.2 Print and Promotional Purchases	8
3.3 Alterations, Construction, Remodels	9
3.4 Travel Agency and Hotel Purchases	9
3.5 Temporary Staffing Agencies	9
3.6 Independent Contractors	10
SECTION 4 NEW SUPPLIERS / SUPPLIER FORMS AND REQUIREMENTS	
4.1 Setting Up New Suppliers	11
4.2 Minimum Supplier Requirements	11
4.3 Minimum Insurance Requirements	12
4.4 Forms for Large Purchase Orders or Agreements	12
4.5 Additional Supplier Requirements	12
4.6 Subcontractors	13
SECTION 5 CORPORATE CARD PROGRAM / PERSONAL FUNDS / REQUISITION TYPES AND REQUIREMENTS	
5.1 Overview of University Corporate Card Program	14
5.2 Requesting Exceptions for Requisitions Less Than \$500	14
5.3 Use of Personal Funds for Purchases	15
5.4 Overview of Requisition Types	15
5.5 General Purpose of Paperless and Form Requisitions	15
5.6 Steps for Preparing a Requisition	15
5.7 Paperless Requisitions	16
5.8 Form Requisitions	16
5.9 Required and Recommended Content	17
5.10 Purchase Order Numbering System	18
5.11 Purchase Order Classifications	18
5.12 Blanket Purchase Order	19
5.13 Lease Purchase Order	19
5.14 Maintenance Purchase Order	19
5.15 Rental Purchase Order	19
5.16 Government Subcontract Purchase Order	19
5.17 Radioactive Material and Radioisotopes / Hazardous Chemicals	19
5.18 Internal Requisitions	20
5.19 Requisitions for Personal Re quests	20
SECTION 6 PURCHASE ORDER MODIFICATIONS, CANCELLATIONS AND CLOSURES	
6.1 Change Notifications	21
6.2 Cancelled Purchase Order	22
6.3 Closing of Purchase Order	22
6.4 Overdrawn Purchase Orders / Insufficient Funds	22
6.5 Supplier Obligation to Terms and Conditions	22

SECTION 7		
INVOICE CONTENT, MAILING INSTRUCTIONS, AND PAYMENT PROCEDURES		
7.1	Required Invoice Content	23
7.2	Invoice Mailing Instructions	23
7.3	Invoices with Price Discrepancies	23
7.4	Processing / Paying Invoices	24
7.5	Sponsored Project Account Expiration	24
7.6	Overdrawn Purchase Orders / Insufficient Funds	24
7.7	Deposits and Pre-Payments	25

SECTION 8		
CHECK REQUESTS AND QUICK EXPENSE REPORTS		
8.1	Overview of Check Requests and Quick Expense Reports	26
8.2	Paperless Check Requests	26
8.3	Form Check Requests	26
8.4	Quick Expense Report	27

SECTION 9		
EQUIPMENT AND SURPLUS SALES		
9.1	Equipment Procurement Policies	28
9.2	Equipment Object Codes	28
9.3	Surplus Sales	29

SECTION 10		
FISCAL YEAR CLOSING PROCEDURES		
10.1	Fiscal Year Deadlines	30
10.2	Sponsored Project Account Deadlines	30
10.3	Deferrals	30
10.4	Phase Payments / Multiple Year Agreements	30

SECTION 11		
TAXES		
11.1	California Income Tax Withholding on Non-Resident Service Providers	31
11.2	California Sales / Use Tax	31

SECTION 12		
DEPARTMENT OF SUPPLIER DIVERSITY SERVICES		
12.1	Supplier Diversity Services	32
12.2	USC's Goal to Procure with Diverse Suppliers	32
12.3	USC's Goal to Procure with Small Local Suppliers	32
12.4	Federally Sponsored Project Account Goals	33
12.5	State Sponsored Project Account Goals	33
12.6	Misrepresentation	34
12.7	Research Proposals and Contracts	34

SECTION 13		
ETHICS POLICIES AND AUDIT SERVICES		
13.1	Code of Ethics	35
13.2	Conflict of Interest Policy	35
13.3	Gifts and Gratuities	35
13.4	Audit Services and University Hotline	36

APPENDICES		
APPENDIX A	References	37

INTRODUCTION

For many departments, the procurement of goods and services represents a considerable portion of their budget. These Purchasing Services Policies and Procedures set forth requirements and guidelines to help ensure a proper purchase. It is the responsibility of faculty, staff, and students who need to purchase goods and services on behalf of the university to be aware of and to follow these and all applicable university policies and procedures.

No set of policies can contemplate every possible scenario that may arise. Therefore, Purchasing Services may, when in the best interest of the university, need to impose requirements not articulated here. Furthermore, it is expected that in all dealings university employees will act in an ethical manner consistent with the university's Code of Ethics (policies.usc.edu), regardless of whether a particular rule or policy provides guidance in a specific situation.

Note that these policies and procedures articulate the university's minimum requirements. A Senior Vice President, Dean, or Director may impose more stringent constraints on purchases made for his or her organizational unit. These constraints should be monitored by internal control within the organizational unit.

SERVICES PROVIDED BY THE DEPARTMENT OF PURCHASING SERVICES

Purchasing Services operates a centralized resource to ensure that goods and services are procured at the maximum value, in compliance with university and governmental policies, and in accordance with best practices. Contact Purchasing Services for the following:

- To review and sign all procurement agreements, regardless of form of payment, dollar value, or funding source
- To conduct bids for supplier selection
- To investigate the qualifications of potential suppliers
- To establish new suppliers
- To process a supplier invoice and payment
- To fulfill a Requisition / Purchase Order
- To process Purchase Order changes
- To ensure that purchases are in compliance with Equipment and Sponsored Project requirements
- For supplier insurance requirements
- For information about Surplus Sales
- For forms required of suppliers
- For information about restrictions on accepting gifts and gratuities from suppliers

Purchasing Services is composed of the following teams. Each team specializes in an industry sector and is under the direction of a manager. Detailed contact information for team members is available on the Purchasing Web site (Purchasing Teams: www.usc.edu/purchasing).

- Facilities Team
- Health Science Team
- Printing Team
- Supply Team
- Technical Team

RELATED SERVICES PROVIDED BY SUPPLIER DIVERSITY SERVICES

Supplier Diversity Services (formerly the Small Business Development Office) works closely with Purchasing Services to foster campus use of woman, minority, and veteran-owned businesses as well as small businesses located in targeted zip codes near the University Park and Health Science Campuses. Contact Supplier Diversity Services for the following:

- To locate a Diverse Supplier
- To develop government subcontract plans for use of Diverse Suppliers
- To report use of Diverse Suppliers to applicable government agencies

RELATED SERVICES PROVIDED BY THE DEPARTMENT OF DISBURSEMENT CONTROL

Disbursement Control works in tandem with Purchasing Services by facilitating certain types of payments. Contact Disbursement Control for the following:

- To pay subscriptions, memberships and registrations (Procurement Card is preferred)
- For Independent Contractor agreements and payments
- For all reimbursements
- To replenish petty cash
- To pay research subject fees
- To pay prize and award recipients
- For foreign drafts
- For money orders
- For cashier's checks (e.g. for U.S. CIS visas)
- For the university's maximum reimbursable rates and Travel and Expenditure Policies and Procedures
- For Procurement Card audit information
- For sales tax information

RELATED SERVICES PROVIDED BY TRAVEL MANAGEMENT AND CORPORATE CARD SERVICES

The Department of Travel Management and Corporate Card Services oversees the university's travel management program and administers two convenient MasterCard programs to facilitate official university buying. Contact Travel Management Services for the following:

- For Procurement Card and Travel^{Plus} Card information
- For Information on Contract Travel Agencies and other contract travel suppliers
- For Internal Requisitions for travel purchases

TECHNICAL REFERENCE

These Purchasing Services Policies and Procedures are not intended to be a technical manual on how to use the university's Budget Administration System (WEBBA). Rather, this document explains under which circumstances a WEBBA application (e.g. Paperless vs. Form Requisition) should be used and why. Technical Assistance with WEBBA is provided through the university Comptroller's Office (Appendix A).

PURCHASING SERVICES POLICIES AND PROCEDURES

SECTION 1

AUTHORITY TO ENTER INTO PROCUREMENT AGREEMENTS

1.1 AUTHORIZED PROCUREMENT AGREEMENT SIGNERS

As stated in the university's bylaws, contracts, deeds, leases, notes and other instruments in writing shall be signed only by certain designated officers of the university. The bylaws also provide that the President may give written authorization to other administrative executives to sign various described classifications of documents.

Certain individuals within Purchasing Services have been delegated authority to sign procurement agreements on behalf of the university. Procurement Agreements are written contracts that bind the university and a supplier to a purchasing obligation. Departments needing to obtain a signature for a procurement agreement should contact Purchasing Services, regardless of the agreement's dollar value, form of payment used, or source of funds.

The following are examples of procurement agreements that must be signed by Purchasing Services:

- Supplier contracts
- Purchase Orders
- Change Orders
- Prepayment forms
- Software license agreements
- Consulting / Independent Contractor Agreements (processed either through Purchasing Services or Disbursement Control)
- Maintenance and service agreements
- Rental and leasing agreements
- Hotel and event-related agreements
- All other procurement agreements

On behalf of departments, Purchasing Services coordinates an agreement review with General Counsel and other appropriate stakeholders. These reviews are in the best interest of the university and department. Departments should allot up to five (5) business days for Purchasing Services to complete this review and approval process.

1.2 AUTHORITY TO BUY VS. AUTHORITY TO SIGN AGREEMENTS

There is a difference between having the authority to buy goods and services and having the authority to sign a procurement agreement. Some university employees have been authorized to purchase goods and services directly with suppliers via Procurement Cards and through Paperless Purchase Orders. However, the authority to sign procurement agreements is still limited to designated employees in Purchasing Services and other authorized signers as noted in Section 1.3.

1.3 ADDITIONAL AUTHORIZED PROCUREMENT AGREEMENT SIGNERS

The following university positions have also been delegated authority to commit the university in procurement-related agreements.

- The Librarian for the purchase of books and periodicals.
- The Senior Associate Vice President for the purchase of food and bookstore items for resale.
- The Vice President for Capital Development and Facilities Management for agreements and letters of intent with construction, facilities, and maintenance contractors, architects/space planners, project managers, consultants, and surveyors.

SECTION 2 BIDDING REQUIREMENTS / EXCEPTIONS TO BID REQUIREMENT

2.1 BIDDING AUTHORITY

The university's commitment to getting the best value for the expenditure of funds, following best business practices, and complying with funding source requirements all create the need to conduct centralized and professional bidding. Departments should utilize Purchasing Services when the need to conduct a competitive bid arises. Purchasing Services will ensure that all bids are conducted in compliance with university and funding source policies and will deploy best -practice bid procedures. Employees who conduct bids without Purchasing Services involvement bear responsibility for being in compliance with university and funding source policies. Employees who violate university or funding source policy may be subject to disciplinary action.

2.2. \$5,000 BIDDING THRESHOLD

Competitive bids must be conducted when purchasing goods or services that cost \$5,000 or more, including tax and delivery, regardless of source of funds. Exceptions to the competitive bid policy are stated in Sections 2.5 through 2.7.

Multiple Requisitions (i.e., multiple purchases) may not be created to circumvent the university's requirement to bid items exceeding \$5,000 or to circumvent the university's Equipment policies (Section 9).

Competitive bids will be secured for any items, regardless of the amount, when in the professional judgment of Purchasing Services such action will result in an advantage to the university. Departments will be contacted to authorize any substitution of materials, supplies, and services or to authorize substitution of a supplier.

2.3 BIDDING PROCEDURES

The following procedures must be followed by all university personnel who conduct bids. These procedures apply regardless of source of funds. From time to time, Purchasing may impose additional bid solicitation requirements on specific units or departments as circumstances dictate.

- Bids must be obtained in writing. Verbal bids cannot be accepted. A written bid can be in the form of a supplier-initiated fax, e-mail, letter, or document.
- Any university employee who conducts a bid must clearly state in writing the scope of the work to be performed or the item(s) to be purchased.
- The requirement to bid extends to purchases of \$5,000 or more that are being considered for the University Bookstore. However, text book purchases over \$5,000 at the University Bookstore do not need to be bid.
- All written bids must be secured before the Purchase Order is issued. Copies of written bids must be sent to Purchasing Services (reference or attach to the applicable Requisition).
- Price quotations must be given to the university in confidence and may not be revealed to any other supplier or unauthorized persons. Failure to hold price quotations obtained by a university employee in confidence may be cause for disciplinary action, up to and including termination.

- Companies or individuals that develop or draft project specifications or bid invitations must be excluded from competing for such procurements.
- It is unethical for requesting departments to obtain bids and use them to “bargain” with other bidders. This is called “bid shopping” and is an improper business practice, unethical, and in some cases illegal.
- Suppliers interested in submitting proposals to the university are subject to specific requirements documented in the university’s solicitations (e.g. ‘Requests for Proposals,’ ‘Requests for Information,’ and ‘Request for Quotations’). All solicitations conducted by university personnel must contain these requirements.

2.4 DIRECT CONTACT WITH SUPPLIERS

Employees wishing to see samples or demonstrations or who need assistance with supplier lists or selection, should contact Purchasing Services. University personnel who contact sales representatives directly are reminded to advise the prospective supplier that only authorized signers can commit the university in procurement agreements (Section 1.1). Furthermore, university personnel should not promise a supplier specific payment terms.

Purchasing Services Contact Information			
Purchasing Web site:	www.usc.edu/purchasing		
Purchasing Help Desk:	UPC: (213) 740-9794 ? HSC: (323) 442-1655		
Purchasing Teams:	Health Sciences Campus Team	Facilities Team	Printing Team
	Supply Team		Technical Team

2.5 NO BIDDING WHEN CONTRACT SUPPLIER

Bidding is not necessary when purchasing through a Contract Supplier (Section 3.1), even if the purchase exceeds \$5,000. Bidding is not necessary with Contract Suppliers because Purchasing Services has already conducted a bid and made an award on behalf of the entire university for on-going purchases. If the requesting department or Purchasing Services determines that conducting a bid, even though a Contract Supplier provides the requested service or goods, is in the university’s best interest, a bid can be conducted. However, the Contract Supplier should be included in the bid solicitation.

2.6 NO BIDDING WITH SOLE SOURCE JUSTIFICATION

Written justification is required if a Requisition totals \$5,000 or more and (a) has not been bid and (b) is not being purchased with a Contract Supplier (Section 2.5). Either a Sole Source Justification Form or a memo that includes the justifications identified on the Sole Source Justification Form must be submitted by the requesting department and attached to the applicable Requisition before any commitment to perform the work is made to the supplier (Forms and Documents: www.usc.edu/purchasing). If the justification is for a Requisition of \$10,000 or more, the form or memo must be signed by the Principal Investigator if purchase is on a Sponsored Project Account. For lesser amounts, the form or memo can be signed by the Principal Investigator, Senior Business Officer, Dean, or Director.

Sole Source Justification is Only Acceptable Under these Conditions	
Compatibility Justification:	▪ Item(s) requested must match or inter-member with existing material
Only Known Manufacturer Justification:	▪ There is only one manufacturer that produces item
Regional Support / Service Justification:	▪ Only known supplier that can sell, support or service the order within region

2.7 NO BIDDING FOR SPECIFIC SERVICES

Bidding is not required for the services charted below, even if \$5,000 and over and even if purchased through a non-contract supplier. This waiver applies to the below charted services only. This waiver is permitted because some specialized services are selected based on parameters difficult to bid (e.g. location, venue, or subject-matter expertise). However, whenever possible, bids should be conducted or rates offered by competitors should be carefully researched.

Services that do not require bidding:

- Hotels (Section 3.4)
- Event Venues
- Restaurants
- Caterers
- Florists
- Advertisements
- Airlines (Section 3.4)
- Independent Contractors (3.6)

**SECTION 3
SUPPLIER USAGE GUIDELINES**

3.1 CONTRACT SUPPLIERS

Contract Suppliers are those suppliers with which the university has a negotiated or bid agreement that could include price discounts, simplified ordering methods, set delivery arrangements, specialized customer service requirements, and billing payment methods. The university may have more than one Contract Supplier for a single commodity. Whenever possible, Contract Suppliers should be used, regardless of form of payment (Purchase Order, Procurement Card, Travel^{Plus} Card, etc.). A list of Contract Suppliers is maintained on Purchasing Services' website (About Us: www.usc.edu/purchasing).

Many Contract Suppliers participate in Purchasing Services Trojan E-Market. Through the Trojan E-Market, departments can access supplier operated websites and procure directly using either the Procurement Card or a Purchase Order (Trojan E-Market: www.usc.edu/purchasing).

3.2 PRINT AND PROMOTIONAL PURCHASES

Because the university carefully monitors proper use of the university's name, colors, seal and logo (collectively 'University Trademarks'), print and promotional items must be purchased and bid as described below. Furthermore, because many variables need to be factored into a print or promotional purchase, the Printing Team should be immediately involved (Purchasing Teams: www.usc.edu/purchasing). To facilitate bidding, a University Printing Specifications for Quotations Form should be completed and sent to the Printing Team (Forms and Documents: www.usc.edu/purchasing).

- **STANDARD PRINT ITEMS** -- Standard print items should be purchased from a Contract Supplier and do not need to be bid, even if the purchase price exceeds \$5,000. Standard print items are used for general administrative or academic purposes, and include, but are not limited to, business cards, letterhead, name badges, envelopes, etc.
- **NON-STANDARD PRINT ITEMS** – Non-standard print items need to be purchased as charted below. Non-standard print items, include, but are not limited to, fliers, brochures, recruitment material, newsletters, calendars, etc.

Guidelines for Purchasing Non-Standard Print Items		
Project Costs	Bid	Important Notes
Less than \$5,000	Optional	Use of Contract Supplier is preferred Use of any supplier established to do business at USC is an acceptable alternative to a Contract Supplier
More than \$5,000	Optional	If Using a Contract Supplier
More than \$5,000	Required	If not Using a Contract Supplier

- **PROMOTIONAL ITEMS** -- Promotional items may only be purchased through Licensed Suppliers who are authorized by the university's Office of Trademark and Licensing (*Appendix A*) to replicate the university's trademarks. Promotional items include, but are not limited to, customized folders, back packs, t-shirts, banners, etc. used at conferences, events, etc. Additional restrictions may apply if the promotional item is intended for resale.

Guidelines for Purchasing Promotional Items		
Project Costs	Bid	Important Notes
Less than \$5,000	Optional	Must Use a Licensed Supplier
More than \$5,000	Optional	If Using a Licensed Supplier that is also a Contract Supplier
More than \$5,000	Required	If Using a Licensed Supplier that is not a Contract Supplier (Contract Supplier should be included in the bid process).

3.3 ALTERATIONS, CONSTRUCTION, REMODELS

All alterations, construction, and remodels must be purchased in compliance with Policies and Procedures Governing Non-Capital and Capital Construction. This policy is administered by the Department of Capital Development and Facilities Management (Appendix A).

3.4 TRAVEL AGENCY AND HOTEL PURCHASES

A university Contract Travel Agency should be used for purchasing airfare and for making other travel-related arrangements (Contract Travel Agencies: www.usc.edu/travel). Contract Travel Agencies accept Internal Requisitions for airfare, contract rental car companies, and contract local hotels. Contract Travel Agencies have access to all of the university's negotiated travel-related rates. At least one of the university's Contract Travel Agency is an online Travel Agency.

Requisitions, Purchase Orders, advances, and Travel ^{Plus} Cards may only be used for the purchasing of airfare at non-Contract Travel Agencies on an exception basis. To request an exception, provide a reason (e.g. lower cost, service specialty, etc.) to Travel Management Services (Contact Us: www.usc.edu/travel). Travelers who choose to purchase tickets from non-Contract Travel Agencies may do so but must use personal funds to pay expenses and then obtain reimbursement after completion of their travel.

3.5 TEMPORARY STAFFING AGENCIES

Departments that wish to utilize a temporary staffing agency must use a Temporary Agency that is a Contract Supplier. Use of non-Contract Temporary Agencies is not permitted. Those Temporary Agencies under contract have been carefully reviewed by General Counsel, Personnel Services, and other stakeholders to make certain that the agency complies with Health Insurance Portability and Accountability Act of 1996 (HIPPA), conducts background checks, and meets other standards required by the university. There are several (approximately 15) Temporary Agencies under contract.

Temporary Agency Staff Additional Information
Any position which requires staffing at less than 50% time or which is temporary in nature (less than six {6} months) must be filled by individuals paid through a <u>temporary employment agency</u> . Employees of a temporary agency are not university employees and are not eligible for university benefits. The university department pays the agency a set hourly rate that includes the direct salary plus agency benefits and administrative costs. Temporary Agency costs are charged to Material and Supplies (Object Code 15460).

3.6 INDEPENDENT CONTRACTORS

Independent Contractors must be classified, processed, and paid in accordance with the university's Policies and Procedures for Classifying and Paying Independent Contractors. The policy and detailed information is provided on a dedicated Independent Contractor website, administered through Disbursement Control (Independent Contractor Information: www.usc.edu/disbursement).

Although the majority of Independent Contractor payments are processed through Disbursement Control, at the department's discretion, the Requisition process (including Blanket Requisitions) can be used in lieu of Disbursement Control's Check Request process. The Requisition process may be more practical (a) for large projects for which funds need to be encumbered, (b) when the department expects multiple Amendments to be made to an Agreement, and/or (c) when a significant number of payments to a single Independent Contractor are projected.

SECTION 4 NEW SUPPLIERS / SUPPLIER FORMS AND REQUIREMENTS

4.1 SETTING UP NEW SUPPLIERS

Before requesting the establishment of a new supplier, an effort should be made to use either a Contract Supplier (Section 3.1) or a supplier that has already been set up to do business at the university. Contract Suppliers and other established suppliers have been assigned a USC Vendor Code and can be located (by vendor name or vendor code) in Purchasing Services supplier database (WEBBA.VENDOR.I).

If it is necessary to establish a new supplier, the supplier must complete and submit to Purchasing Services an online Supplier Application Form (Forms and Documents: www.usc.edu/purchasing). The form is subsequently reviewed by Purchasing Services and, when approved, the Supplier is assigned a Vendor Code and established in Purchasing Services supplier database.

In order to issue a Purchase Order to a supplier, the supplier must be established in Purchasing Services supplier database (i.e. must fill out a Supplier Application Form and must be subsequently assigned a Vendor Code). Even if the Supplier is engaging in a one-time Purchase Order transaction, the supplier must be established. It is not necessary for a supplier to be established for Procurement Card or Travel^{Plus} Card transactions (Section 5.1).

4.2 MINIMUM SUPPLIER REQUIREMENTS

Suppliers wanting to do business with the university are expected to have been in business for a minimum of two (2) years. Unless sufficient justification is provided, a Supplier Application Form for a supplier with less than two years of experience will not be processed.

On the back of each Purchase Order are the university's PO Terms and Conditions (Forms and Documents: www.usc.edu/purchasing). Suppliers established to do business at the university must accept these PO Terms and Conditions. The terms and conditions are considered non-negotiable.

4.3 MINIMUM INSURANCE REQUIREMENTS

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 at or for the university will be required to maintain the charted insurance coverage at the Supplier's own expense. It is the Supplier's responsibility to ensure that the required insurances remain in effect for the entire duration of the awarded contract. If requested by the university, it will be the Supplier's full responsibility to provide the university with evidence of the required insurances.

Insurance Type	Corresponding Insurance Details
Workers' Compensation	The Supplier must maintain workers' compensation insurance with statutory limits if required to do so by California State law. If the Supplier is self-insured for Workers' Compensation, the Supplier will maintain a certified copy of the "Certificate of Consent to Self-Insure" issued by the State of California, 1.7.2 Department of Industrial Relations.
Comprehensive General Liability and Automobile Liability Insurance	USC requires coverage for Bodily Injury and Property Damage with the combined single limits of \$1,000,000 each occurrence.
Additional Insured	USC requires Comprehensive General Liability and Automobile Liability Certificates that name the University of Southern California as an additional insured. Such insurance shall waive any right of subrogation against USC and shall specifically cover Supplier's obligations to defend, indemnify and hold USC harmless as provided herein.

4.4 FORMS FOR LARGE PURCHASE ORDERS OR AGREEMENTS

Suppliers awarded Purchase Orders or contractual agreements greater than \$25,000 must complete and submit to Purchasing Services the following forms prior to fulfilling the Purchase Order or agreement. These forms are required regardless of source of funds (Forms and Documents: www.usc.edu/purchasing). Purchasing Services cannot process a Purchase Order until all required forms have been submitted to and approved by Purchasing Services.

Purchase Order / Contract Size	Form Name
Larger than \$25,000	Debarment Form
Larger than \$100,000	Certificate of Non-Discrimination Form
Larger than \$100,000	Lobbying and Anti Kick-Back Form

4.5 ADDITIONAL SUPPLIER REQUIREMENTS

Suppliers interested in submitting proposals to the university are subject to specific requirements documented in the university's solicitations (e.g. 'Requests for Proposals,' 'Requests for Information,' 'Request for Quotations,' etc.). (Section 2.3)

4.6 SUBCONTRACTORS

Some suppliers awarded contracts at the university subcontract a portion of the ir work to Subcontractors. Suppliers must disclose during the selection and/or contract negotiation phase any intention to subcontract. The supplier awarded the university's c ontract is the primary contractor and is responsible for ensuring that Subcontractors are in compliance with university requirements (e.g. insurance). The university does not issue payment to Subcontractors. On large contracts, the university may request that the Primary Contractor disclose to the university its specific Subcontracts, principally to make certain that the primary contractor has made a good faith effort to award subcontracts to Diverse Suppliers (Section 12). The university has the right to review and approve any subcontractor.

SECTION 5 CORPORATE CARD PROGRAM / PERSONAL FUNDS / REQUISITION TYPES AND REQUIREMENTS

5.1 OVERVIEW OF UNIVERSITY CORPORATE CARD PROGRAM

The university offers employees two time-saving and convenient corporate card programs (Procurement Card and Travel ^{Plus} Card, both issued by GE Capital). Procurement Card and Travel ^{Plus} Card policies are contained in separate policy documents. Both programs are administered through the Department of Travel Management and Corporate Card Services (Appendix A).

Because Requisitions/Purchase Orders for small-dollar transactions are costly to administer, use of the Procurement Card is expected for purchases less than \$500. This policy is effective for purchases made on or after April 1, 2006. Methods for requesting an exception are explained in Section 5.2.

The Travel ^{Plus} Card should be used for all business travel purchases and business meals.

Both of these cards can be used without the need for Purchasing Services involvement, up to the set dollar limits, and for the allowable types of transactions. However, use of these cards does not give employees the authority to engage in a written procurement agreement—for any amount—between the university and any supplier. All procurement agreements must be authorized and signed by Purchasing Services (Sections 1.1 and 1.2).

When neither the Procurement Card nor the Travel ^{Plus} Card can be used, either a Paperless Requisition or Form Requisition can be used, as described in the Sections 5.4 through 5.17.

5.2 REQUESTING EXCEPTIONS FOR REQUISITIONS LESS THAN \$500

Use of the Procurement Card is expected for transactions less than \$500. Requisitions and Purchase Orders for transactions less than \$500 will be issued on an exception -basis in order to accommodate necessary situations.

- **AUTOMATIC EXCEPTIONS** -- Suppliers who do not accept a MasterCard and suppliers who are established with the university for Electronic Data Interchange (EDI) can be paid via Requisition and Purchase Order without the need to request an exception. (Note: EDI suppliers send the university electronic invoices in exchange for electronic payment. This is a very efficient invoicing and payment system.) Suppliers who do not accept a MasterCard and suppliers who are paid via EDI are identified within the Purchasing Services supplier database and a Paperless or Paper Requisition and Purchase Order can automatically be issued directly to these suppliers.
- **REQUESTED EXCEPTIONS** -- Individuals requesting to pay a supplier for an order less than \$500 via a Requisition and Purchase Order can e-mail the request to the appropriate buyer, add a comment within the Requisition process, or submit an Exception Request Form (PCard Forms and Documents: www.usc.edu/pcard). Reasonable exceptions will be accommodated.

5.3 USE OF PERSONAL FUNDS FOR PURCHASES

Employees should not use personal funds for purchasing goods and services on behalf of the university . Those who do will be reimbursed only for the amount that Purchasing Services could have paid for the same item or service. Under no circumstance 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.

5.4 OVERVIEW OF REQUISITION TYPES

Charted below are the four types of requisitions. Those Requisitions administered by Purchasing Services are described in detail in Sections 5.5 through 5.16. Specialized Requisitions and Internal Requisitions are included in the chart, but because they are not administered through Purchasing Services are only described briefly in Sections 5.17 and 5.18 .

Requisition Type	Administering Department	Section
Paperless Requisition	Purchasing Services	5.5 - 5.7
Form Requisition	Purchasing Services	5.4, 5.5 5.7-5.16
Specialized Requisition	Radiation Safety Office or Laboratory Safety Department	5.17
Internal Requisition	Internal Department supplying goods or services	5.18

5.5 GENERAL PURPOSE OF PAPERLESS AND FORM REQUISITIONS

Paperless and Form Requisitions , both initiated with approved access within WEBBA, are used to request payment through Purchasing Services for goods and services costing more than \$500. The Procurement Card should be used for transactions costing less than \$500 (Sections 5.1 and 5.2).

Disbursement Control administers Check Requests. Under a limited number of circumstances, Check Requests may be used to pay suppliers. Brief information about Check Requests is contained in Section 8.

5.6 STEPS FOR PREPARING A REQUISITION

Requisitions should always be processed in the following order. Additional steps may be required for sponsored project accounts.

- | | |
|--|--|
| 1. Identify Suppliers | 6. Receive Purchase Order Number (Section 5.7 and 5.8) |
| 2. Conduct bid and obtain price quotes , if required (Section 2) | 7. Place order with supplier |
| 3. Select supplier | 8. Provide supplier with Purchase Order Number |
| 4. Determine price (including taxes and shipping) | 9. Receive Items |
| 5. Create Requisition | 10. Make Sure Supplier Provides Purchase Order Number on Invoice (Section 7) |

Requisitions created to pay a supplier after the goods or services have been received (“after the fact”) do not conform to best purchasing practices. For purchases over \$5,000, after the fact payments are not

permitted as they may circumvent the university's requirement to bid purchases of \$5,000 and more and may violate the university's Equipment policies (Section s 5.2 and 9).

5.7 PAPERLESS REQUISITIONS

As its name indicates, a Paperless Requisition is created online without paper (WEBBAP.REQ). Because a Paperless Requisition can be approved (e.g. 'updated') only by those who have approved system access and expenditure authority for specified accounts, neither a physical Expenditure Card nor signature is required. The Paperless Requisition automatically checks for fund availability and encumbers the funds when the Purchase Order is issued.

The Paperless Requisition process can be used for any dollar amount. However, the assignment of a Purchase Order Number and the placement of the order with the supplier depend on whether the amount is more or less than \$4,500.

Paperless Requisition Amount	Purchase Order Number Assignment	Placement of Order with Supplier
LESS THAN \$4,500	At the processor's option, a P.O. number can be automatically assigned by the WEBBA system	At the processor's option, the order is automatically placed by fax to the supplier through the WEBBA system.
MORE THAN \$4,500	P.O. Number assigned by Purchasing Services after review and approval of Paperless Requisition.	Order placed by Purchasing after assignment of P.O. number
Remember to note the Paperless Requisition Number as it is used to cross reference a Purchase Order Number.		

5.8 FORM REQUISITIONS

Whenever possible, the Paperless Requisition should be used, regardless of the amount of the purchase. The Form Requisition process should be used only when a purchase needs to be made and access to the Paperless Requisition process for the appropriate account is not yet established. The Form Requisition process allows the user to input the information for a paper requisition form through WEBBA (WEBBA.FORM/WEBBA.FORM.PO.U). Upon creating a Form Requisition, the Form Requisition must be printed and embossed with an Expenditure Card.

Mail, Fax or Deliver Form Requisitions Directly to Purchasing Services	
University Park Campus	Health Sciences Campus
PSB; Mail Code 1921 Fax: 213 740-9797	PMB 200C; Mail Code 9045 Fax: 323 442 3765

Form Requisitions are assigned Purchase Order Numbers and orders are placed as charted below.

Form Requisition Amount	Purchase Order Number Assignment	Placement of Order with Supplier
ALL AMOUNTS	<ul style="list-style-type: none"> Paper P.O. number assigned by Purchasing Services upon receipt of Form Requisition 	<ul style="list-style-type: none"> Order submitted by Purchasing to supplier.
Remember to note the Form Requisition Number as it is used to cross reference a Purchase Order Number.		

Notes about Form Requisitions:

- **INSUFFICIENT FUNDS**—If the department has insufficient funds, the Form Requisition will be returned to the department.
- **ORDER PLACEMENT**—Upon review of the Form Requisition, Purchasing Services will place the order with supplier.
- **P.O. NUMBER ASSIGNMENT**—Purchasing Services is the only department authorized to assign a Paper Purchase Order Number to a Requisition (paper or paperless) over \$ 4,500.

5.9 REQUIRED AND RECOMMENDED CONTENT

When completing a Requisition (Paperless or Form), include both the required and optional information as noted below. Providing this information will facilitate processing the Requisition.

	Business Purpose	Complete Description of Items	Support Material (e.g. Proof of Bidding)	Amount	Approvals	Supplier's Name
Paperless Requisition	Required	Required	Required, if over \$5,000	Required (estimates are ok)	Required, if applicable	Required (suggestions are okay)
Form Requisition	Required	Required	Required, if over \$5,000	Optional	Required, if applicable	Optional

Note the following regarding Requisition preparation:

- **BUSINESS PURPOSE** — Business purpose should be provided even when the type of transaction may inherently imply a business purpose (toner, paper, pens, business cards, letterhead, lab supplies etc.). For these types of transactions, a business purpose should state for which general location or project within the department the merchandise is being purchased.
- **APPROVALS** — All purchases, regardless of form of payment or process used, must be in compliance with the university's Expenditure and Travel Policies and Procedures, a policy administered by Disbursement Control (Appendix A). For example, a Requisition that contains a gift over \$75 requires VP approval.

5.10 PURCHASE ORDER NUMBERING SYSTEM

The following Purchasing Order numbering system applies.

Paper Purchase Order Type	P.O. Number Begins With	Followed By
Facilities Paper Purchase Orders	"F"	5 numbers
Health Science Center Paper Purchase Orders	"H"	5 numbers
UPC Paper Purchase Orders	Number	5 numbers
Paperless Purchase Order Type	P.O. Number Begins With	Followed By
All locations	Variable Alpha	5 numbers

Note the following about Purchase Order Numbers:

- **PROCUREMENT CARD**—No Purchase Order Number is utilized when an order is placed using the Procurement Card or Travel^{Plus} Card.
- **ALPHA "V"**—Some Purchase Orders (paper and paperless) also may end in the letter 'V.' This indicates to Purchasing Services personnel that the supplier was paid via a Purchasing Services credit card, and not via a check.

5.11 PURCHASE ORDER CLASSIFICATIONS

In Sections 5.12 through 5.17, the different Purchase Order classifications are explained. Processors preparing a Requisition with these classifications are requested to label the Requisitions as charted below.

Use Either Paperless Requisition or Form Requisition	Enter in First Line of Requisition
Blanket Purchase Order	BLANKET
Lease Purchase Order	LEASE
Maintenance Purchase Order	MAINTENANCE
Rental Purchase Order	RENTAL
Government Sub Contract	SUBCONTRACT

5.12 BLANKET PURCHASE ORDER

A Blanket Purchase Order can be established and used with a specific supplier for on-going purchases made throughout the fiscal year. A Blanket Purchase Order is for materials, supplies, and equipment for a not-to-exceed dollar amount. Blankets alleviate the need to prepare many one-time Requisitions and Purchase Orders.

With the exception of Sponsored Project and Restricted Fund Accounts, Blanket Purchase Orders can be issued for a minimum of three months to a maximum of one year, but in either case may not extend past the current fiscal year. A new Purchase Order should be issued once the term of the existing order is past. When creating a new Blanket Purchase Order, reference must be made to the previous Blanket Purchase Order. Funds for the Blanket amount are encumbered when the Blanket Purchase Order is created. It is important to review Blanket Purchase Orders toward the end of each fiscal year (or SPA year) and make certain that the encumbered amount is needed.

Blanket Purchase Orders for Sponsored Project and Restricted Fund Accounts may cross the university's fiscal year but cannot have a termination date beyond the termination date of the account. A new Purchase Order number should be issued for each new Sponsored Project Account.

5.13 LEASE PURCHASE ORDER

All leases for goods or services must be approved via signature by Purchasing Services and the Office of the Treasurer. Purchasing Services will work with the Treasurer's Office to obtain this approval. Departments should not go directly to the Treasurer's Office. Leasing is permitted if the purchase price exceeds \$15,000. Leasing is permitted for photocopiers if the purchase price exceeds \$10,000.

5.14 MAINTENANCE PURCHASE ORDER

Warranty, maintenance, and repair agreements can either be paid all at once in one lump sum, annually on a fiscal year basis, or on an as-needed-basis (monthly, quarterly, etc.). Federally funded accounts can either pay warranty, maintenance, and repair agreements all at once in one lump sum or annually subject to the funding sources expiration date.

5.15 RENTAL PURCHASE ORDER

Rentals are for an order for materials and supplies, equipment or property rented for a specified time period. Rentals may exceed fiscal year limitations, when approved by Purchasing Services and the Treasurer's Office (Purchasing Services will work with the Treasurer's Office to obtain this approval; departments should not go directly to the Treasurer's Office).

5.16 GOVERNMENT SUBCONTRACT PURCHASE ORDER

A Government Subcontractor is an organization (usually another educational institution) that the university subcontracts with to perform a portion of the work when the university is the primary contractor on a government award. A Requisition for a Government Subcontract must be signed by the department of Contracts and Grants. After obtaining Contract and Grant approval, the Requisition should be forwarded to Purchasing Services.

5.17 RADIOACTIVE MATERIAL AND RADIOISOTOPES / HAZARDOUS CHEMICALS

Requests for Radioactive Material and Radioisotopes can only be placed via the Paperless Requisition process WEBBAP.RAD.REQ.U and are forwarded electronically to the Radiation Safety Office ([Appendix A](#)). After approval by the Radiation Safety Office the order is placed by that office unless otherwise indicated by the requestor.

Hazardous chemicals, controlled substances, DEA precursor chemicals or select agents are strictly regulated by the federal government and can only be purchased through a controlled group of suppliers. Only specific departments have authorization to purchase these items. For information, contact the Radiation Safety Office ([Appendix A](#)).

5.18 INTERNAL REQUISITIONS

Requests for intra-campus services or acquisitions should not be sent to Purchasing Services. These transactions are conducted between the requesting and servicing university departments via an Internal Requisition.

Examples of On-Campus Departments That Accept Internal Requisitions	
Bookstore	Parking / Transportation
Conference and Catering Services	Pharmacy
Operations and Maintenance (O and M)	Public Safety
Material Management	Information Services Division (ISD)
Mailing Services	Contract Travel Agencies

Note about Internal Requisitions.

- **CONTRACT TRAVEL AGENCIES**—Although Contract Travel Agencies that service the university are external suppliers, Internal Requisitions are accepted by them. Do not use Requisitions and Purchase Orders with a Contract Travel Agency. Internal Requisitions can be used at Contract Travel Agencies for all airfare, contract rental cars, and local contact hotels.
- **BOOKSTORE PURCHASES**—The requirement to obtain bids on purchases of \$5,000 or more extends to purchases made via Internal Requisition at the University Bookstore (Section 2.2).

5.19 REQUISITIONS FOR PERSONAL REQUESTS

Purchasing Services cannot issue Purchase Orders for personal purchases. Although suppliers are under no obligation to offer discounts for personal purchases, buyers in Purchasing Services can suggest possible sources that may offer a discount.

**SECTION 6
PURCHASE ORDER MODIFICATIONS, CANCELLATIONS, AND CLOSURES**

6.1 CHANGE NOTIFICATIONS

Any time that a modification (increase, decrease or cancellation) needs to be made to a Purchase Order—for any dollar amount—the requesting department must notify Purchasing Services as soon as practical via one of the modes charted below. On all change notifications, an itemized description of the change is required, except on Blanket Purchase Orders.

Action to Original Purchase Order Encumbrance	Paperless Requisition process (WEBBAP.PL.CHANGE.U)	E-mail to Purchasing Services Buyer	Paper Change Order Form
<u>Increases \$1,000 or less</u>	Recommended Method	Do Not Use	Alternative Method
<u>Increases More than \$1,000</u>	Do Not Use	Do Not Use	Required
Decrease (Any amount)	Recommended Method	Alternative Method	Alternative Method
Change (object code, account #, time period, etc.)	Recommended	Alternative Method	Alternative Method
Cancel (Any amount)	Do Not Use	Alternative Method	Recommended Method
Close (No change to \$)	Recommended Method	Alternative Method	Alternative Method

Notes about changes to Purchase Orders:

- **PAPER FORMS**—Most departmental business offices stock Paper Change Order Forms. Additional Paper Change Order Forms are available from Central Services located at Kapiellia n Hall (KAP) room #404 (x05859).
- **RELEASE OF FUNDS**—Funds for Cancelled or Changed Orders are released when the Purchase Order is updated.
- **SPONSORED PROJECT ACCOUNTS**—Changes to Purchase Orders placed on sponsored project accounts can be made only within the time period of the account and cannot extend past the period of performance.
- **MULTIPLE FUNDED POs**—Account numbers used in multiple funded Purchase Orders must have the same termination date.
- **OVERAGES**—For printing orders, Purchasing Services does not require a Change Order for overages. Overages are common with printing orders (where the printer may produce slightly more than the requested amount).

- **FROZEN ACCOUNTS**—If a sponsored project account has been frozen (e.g. it is frozen 30 days prior to contract or grant expiration), no increases or decreases can be made to the Purchase Order. To coordinate an increase or decrease, Purchasing Services must be contacted.
- **\$5,000 THRESHOLDS**—Increases to Purchase Orders that push the original Requisition from under \$5,000 to over \$5,000 cannot be processed by Purchasing Services until further investigation. This is necessary as Purchasing Services will need to investigate whether or not that Requisition is now classified as Equipment and whether the Requisition needs to be bid (Section 2.2).

6.2 CANCELLED PURCHASE ORDER

Departments may cancel their order directly with the applicable supplier but also must advise Purchasing Services so that invoices will not be paid. Only Purchasing Services can cancel a Purchase Order. Failure to properly cancel can result in the goods being shipped. Once a Purchase Order has been cancelled, it cannot be re-opened. A new Requisition must be processed.

6.3 CLOSING OF PURCHASE ORDER

Purchase Orders should not be closed until the final invoice has been paid against the Purchase Order. End users can verify purchase dollar order balances in WEBBA (WEBBA.ORDER.R). Once a Purchase Order has been closed it cannot be re-opened unless Purchasing Services is notified via a Change Order, e-mail, etc. (Section 6.1).

6.4 OVERDRAWN PURCHASE ORDERS / INSUFFICIENT FUNDS

If a Purchase Order amount is overdrawn (an invoice received that is greater than Purchase Order amount), Purchasing Services will notify the department. If the department does not respond to Purchasing Services request for a Paper Change Order Form, Paperless Change Order, etc. (Section 6.1) within three (3) business days, the invoice will be paid overdrawing the existing account on the Purchase Order.

The account will be checked for funds and account status and for sponsored project accounts will also be checked for termination date. If any of these is no longer valid, the appropriate dean's account will be charged.

6.5 SUPPLIER OBLIGATION TO TERMS AND CONDITIONS

When a supplier ships or performs in response to a Purchase Order, that supplier has legally complied with the P.O. Terms and Conditions (Forms and Documents: www.usc.edu/purchasing) and is under no obligation to accept the goods in return, unless the supplier has made an error. Acceptance of a return by a supplier is by no means automatic and a restocking charge may be assessed to the requesting department. These charges can be up to 50% of the cost.

**SECTION 7
INVOICE CONTENT, MAILING INSTRUCTIONS, AND PAYMENT PROCEDURES**

7.1 REQUIRED INVOICE CONTENT

All invoices should match the Purchase Order by price, supplier name, and ordered items.

Purchasing Services will only pay Purchase Orders from an itemized invoice. An invoice is a supplier - generated document that should include all of the following. The requested invoice information is relayed to the supplier on the front page of the Purchase Order.

- "Bill To" USC
- "Ship To" USC
- Purchase Order Number
- Itemized Order Details
- Supplier Name
- Date of Invoice
- Remit Address of Supplier

7.2 INVOICE MAILING INSTRUCTIONS

To ensure prompt payment and to avoid late-payment penalties, all invoices should be mailed directly by the supplier to Purchasing Services. For invoices sent directly to Purchasing Service for over \$5,000, Purchasing Services will seek approval from the department prior to paying the invoice (Section 7.4). For amounts less than \$5,000 the invoice will be automatically paid. Departments wanting confirmation of invoice payment can view payment status in WEBBA (WEBBA.ORDER.R).

All Invoices Should be Mailed Directly to Purchasing Services	
University Park Campus Attention: USC Purchasing Services P.O. Box 77967 Los Angeles, CA 90007	Health Sciences Campus 1420 San Pablo Street PMB -C200 Los Angeles, CA 90033-9045

Notes about invoices:

- **STATEMENTS**—A statement, in lieu of an invoice, can be used for phone service, utilities, and leases, only.
- **COPIES and FAXES**—Whenever possible, the original invoice should be submitted for payment. When the original is not available, invoice copies or facsimiles will be accepted. Neither a wait period nor a memo is required when submitting a copied or faxed invoice.
- **SCANNED INVOICES**—All invoices are scanned and can be viewed by departments as an image in WEBBA. To access an image reference Purchase Order No in WEBBA.ORDER.I.

7.3 INVOICES WITH PRICE DISCREPANCIES

If there is a price discrepancy between the invoice amount and the Purchase Order amount and this discrepancy is due solely to the miscalculation of shipping/handling and/or taxes, Purchasing Services will process payment for the correct amount and will not reject the invoice.

Purchasing Services does not accept invoices adjusted by the department. Departments with discrepancies should contact the supplier and request that the supplier provide Purchasing Services with a correct invoice. If obtaining an adjusted invoice from the supplier is not possible, departments can

submit evidence of the supplier's concurrence with the department's adjusted invoice, such as an e-mail or letter from the supplier.

Notes about order problems:

- **INCOMPLETE ORDERS**—If an item has not been received, is on back order, or arrived damaged, the department should notify the appropriate Purchasing Services Buyer (preferably via e-mail) so that it can be noted on the Purchase Order (Contact Us: www.usc.edu/purchasing).
- **CREDIT / REFUNDS**—If a department receives a restocking memo, credit memo, refund check or other documents from a supplier, the documents should be sent to Purchasing Services. All credits should be made out to the University of Southern California.
- **PARTIAL PAYMENTS**—Partial payments to suppliers should be supported by an explanation, preferably via e-mail (Contact Us: www.usc.edu/purchasing). Partial shipment invoices will be paid by Purchasing Services, with the balance of the Purchase Order amount remaining encumbered for the owed portion. For partial orders that cross fiscal year boundaries, follow procedures in Section 10.

7.4 PROCESSING / PAYING INVOICES

The following chart identifies if and when departments are notified of paid invoices.

Invoice	Department Approvals	Purchasing Services Action
Under \$5,000	None	Pays invoice; department not notified
Over \$5,000	Purchasing Services contacts department for approval	Note approval on invoice; pays invoice

Note about payments to suppliers:

- **PAYMENT UPON DELIVERY**—Purchasing Services pays invoices for items \$5,000 or more when the department verifies that items have been installed and delivered or that the services have been performed.
- **PAYMENT STATUS**—To see if a supplier has been paid, login to WEBBA .ORDER.R.

7.5 SPONSORED PROJECT ACCOUNT EXPIRATION

Purchasing Services freezes Purchase Orders 30 days after termination date of a sponsored project account. To ensure that purchases benefit the applicable contract or grant, departments should not place Requisitions (Paperless or Form) within the last 30 days of contract or grant expiration. If a purchase within this 30 day timeframe is necessary, the department will need advance approval from Sponsored Project Accounting (*Appendix A*).

7.6 OVERDRAWN PURCHASE ORDERS/INSUFFICIENT FUNDS

If a Purchase Order amount is overdrawn (i.e. an invoice is greater than the Purchase Order amount), Purchasing Services will notify the department. If the department does not respond to Purchasing Services request for a Paper Change Order Form, Paperless Change Order, etc. (Section 6.1) within three (3) business days, the invoice will be paid overdrawing the existing account on the Purchase Order.

The account will be checked for funds and account status. For sponsored project accounts, the account will also be checked for termination date. If any of these is no longer valid, the appropriate dean's account will be charged.

7.7 DEPOSITS AND PRE-PAYMENTS

The university prefers not to engage in agreements that require deposits, prepayments, or phase payments. However, if a financial arrangement for such payments is necessary (for events, catering, hotel, construction projects, etc.) then this must be communicated to Purchasing Services (stipulated in the agreement, in bid, etc.).

SECTION 8 CHECK REQUESTS AND QUICK EXPENSE REPORTS

8.1 OVERVIEW OF CHECK REQUESTS AND QUICK EXPENSE REPORTS

Under the limited circumstances addressed in this Section 8, suppliers are paid and / or reimbursed via Disbursement Control's Check Request and the Quick Expense Report processes. For detailed processing information, reference the Disbursement Control website (www.usc.edu/disbursement). Do not use Requisitions and Purchase Orders under these circumstances.

There are three types of Check Requests.

Check Request Type	Administering Department	Section
Paperless Check Requests	Disbursement Control	8.2
Form Check Requests	Disbursement Control	8.3
Quick Expense Report / Check Request	Disbursement Control	8.4

8.2 PAPERLESS CHECK REQUESTS

A Paperless Check Request is initiated within WEBBA (WEBBA.REQUEST) and because the process requires approved access does not require the submission of support documentation (e.g. receipts, signatures, or an Expenditure Card embossment).

The Paperless Check Request facilitates request for the following:

- Cash advance (for employees only)
- Human subject fee payments (\$25 or less)
- Travel and non-travel reimbursements (\$75 or less and not funded by a sponsored project account)

8.3 FORM CHECK REQUESTS

A Form Check Request is initiated with approved access within WEBBA (WEBBA.FORM.CHK.U) and requires the submission of documentation (e.g. receipts, signatures, and an Expenditure Card embossment). A Form Check Request should not be used to process travel and non-travel reimbursements. These reimbursements should be processed via WEBBAQ.QUICK (Section 8.4) or, if less than \$75 and not on a sponsored project account, via the Paperless Check Request process (Section 8.2).

A Form Check Request Facilitates requests for the following:

- Independent Contractor payments, regardless of dollar amount and payment frequency
- Foreign drafts
- Prize and award payments
- Cashier's Checks (e.g. for INS visas)
- Registration and membership fees when the Procurement Card or Travel Plus Card is not accepted or available
- Subscription fees when the Procurement Card is not accepted or available
- Human subject fees greater than \$25
- Money orders
- Payments to foreign suppliers in foreign currencies
- Petty cash funds to be replenished

8.4 QUICK EXPENSE REPORT/ CHECK REQUEST

The Quick Expense Report (commonly referred to as the QE process) is initiated within WEBBA (WEBBAQ.QUICK) and should be used for all travel and non -travel reimbursements, regardless of the amount, source of funds, and form of payment used. The QE process can be used to reimburse employees (current or former), students, and suppliers or Independent Contractors. The QE process has many of the university's business rules programmed, reducing the number of bounced expense reports.

**SECTION 9
EQUIPMENT AND SURPLUS SALES**

9.1 EQUIPMENT PROCUREMENT POLICIES

When a new item is purchased and it has an acquisition cost of \$5,000 or more, including taxes and delivery, and has a useful life of one year or more, it is defined by both the university and most government agencies as Equipment. Contact Equipment Management (*Appendix A*) for more information regarding Equipment.

Before purchasing Equipment the item must be bid. No bid is required, however, if Equipment is being purchased via a Contract Supplier (Sections 2.5 and 3.1) or if a Sole Source Justification Form is provided with the Requisition (Section 2.6).

On behalf of departments, Purchasing Services will:

- Seek from USC Contracts and Grants all necessary pre-approvals for subcontracts (Section 5.16);
- Ensure that all procurements are made in compliance with university procedures, federal regulations (e.g. OMB Circular A-110), or any special provisions required by a sponsoring agency or specific contract or grant;
- Forward all Requisitions to Equipment Management where equipment screening and stamped approvals are sought for allowability. (Note: Equipment screening is the process Equipment Management undertakes to make certain that similar Equipment is not already available within the university.)

No Purchase Order will be created and no invoices will be paid until all necessary Equipment policies have been followed. After payment is issued, the Equipment item will be tagged by Equipment Management (figure 1).



Figure 1

9.2 EQUIPMENT OBJECT CODES

Newly purchased Equipment must be assigned specific object codes. The most commonly used Equipment object codes are charted below. Object codes are assigned by the department, but will be corrected by Purchasing Services when necessary.

Object Codes	Type of Equipment Purchase (Regardless of Source of Funds)
17900	Scientific Equipment
17500	Vehicles
17300	Copiers
17200	Computers / Computer Equipment
17100	All other General Equipment

Less commonly used Equipment object codes are charted below. Contact Equipment Management for further clarification on when to use these.

Object Codes	Type of Equipment Purchase (Specific Source of Funds)
17010, 17011, 17012	For purchases on "5" accounts when the Equipment threshold defined by an agency is a lower dollar threshold than USC's \$5,000
44800	For equipment purchased on "69" accounts
07940	For ISI and ICT military equipment

9.3 SURPLUS SALES

Surplus Sales, a department within Purchasing Services, serves as the recommended resale outlet for used Equipment, regardless of condition. Hazardous Equipment and E-Waste Equipment, however, must be taken to Environmental Health and Safety (*Appendix A*). Before sending Equipment to Surplus Sales or to Environmental Health and Safety, the inventory change must be recorded by Equipment Management.

Detailed information on Surplus Sales is provided in a separate [Surplus Sales Policies and Procedures \(www.usc.edu/surplus\)](#).

SECTION 10 FISCAL YEAR CLOSING PROCEDURES

10.1 FISCAL YEAR DEADLINES

An annual campus notification is circulated by the Comptroller's Office on behalf of Purchasing Services to identify specific fiscal year cut off dates for Requisitions and Purchase Orders.

To ensure payments for items are made using current fiscal year funds, Requisitions must be submitted to Purchasing Services by the deadlines identified in the memo and corresponding invoices must be submitted before 5:00 p.m. on June 30. All goods and services must be received and invoiced prior to the end of Fiscal Year closing (June 30) in order to issue payment using current fiscal year funds. Otherwise, payment will be issued from funds for the succeeding Fiscal Year.

10.2 SPONSORED PROJECT ACCOUNT DEADLINES

Sponsored project account purchases do not follow the university's fiscal year closing dates. For sponsored project accounts, items must be requisitioned, received, and invoiced before the termination date of the account.

10.3 DEFERRALS

Goods or services that are ordered on university accounts in one fiscal year but not delivered until a subsequent fiscal year must be deferred to the fiscal year in which the items are delivered and invoiced. Suppliers who require deposits and prepayments can be invoiced and paid according to the guidelines in Section 7.7. However, deposit and prepayment amounts will be deferred to the fiscal year in which the event, item, service, etc. occurs / is received. Departments should refer all deferral issues to the Comptroller's Office who will make the final determination on the deferral of items.

10.4 PHASE PAYMENTS / MULTIPLE YEAR AGREEMENTS

Multiple-year agreements that involve phase payments will be paid from the fiscal year funds in which the phase payment is invoiced, with payments for future fiscal years paid according to the agreement terms.

**SECTION 11
TAXES**

11.1 CALIFORNIA INCOME TAX WITHHOLDING ON NON -RESIDENT SERVICE PROVIDERS.

The Franchise Tax Board requires the university to withhold 7% income tax on payments to California nonresident service providers who meet the following:

- Do not have a permanent place of business in California
- Perform their services in California
- Have USC payments in a calendar year of \$1,500 or more

Nonresidents subject to this withholding include corporations, limited liability companies, partnerships and individuals. Types of income subject to withholding include, but are not limited to, payments for services (consultants, speakers, designers, etc.) performed in California and payments of leases, rents and royalties for property (real or personal) located in California.

Purchasing Services will withhold 7% from payment amounts that meet the above criteria, unless the supplier is exempt from this withholding.

No withholding is required on payments for goods. No withholding is required for nonresidents who are registered through the Office of the Secretary of State or who have provided Purchasing Services with a completed California Withholding Exemption Certificate Form 590 (available at : www.ftb.ca.gov).

11.2 CALIFORNIA SALES/USE TAX

The university is not sales tax exempt. The State Board of Equalization requires the university to pay California sales/use tax on all taxable transactions (i.e. tangible, non-edible items) made via non-California merchants (e.g. Amazon.com). Software and Internet services that are provided but not physically delivered to the end user are exempt from California Sales Tax. Some print material may be exempt from California Sales Tax. The printing team in Purchasing Services should be consulted for guidance (Contact Us: www.usc.edu/purchasing).

Purchasing Services will automatically pay Los Angeles sales tax on Purchase Orders for items shipped to Los Angeles, if sales tax was applicable but not invoiced by the supplier. Note: For items shipped to Washington, D.C., Orange County, Sacramento, or other non -LA based locations Purchasing Services will pay sales tax at the applicable rate. An explanation to the supplier will be provided when needed.

For Procurement Card transactions that were not charged California sales/use tax at point -of-sale, a representative from Disbursement Control (*Appendix A*) will review Procurement Card transactions, contact the Procurement Cardholder if necessary, and pay sales / use tax when applicable.

Sales / Use Tax is Paid Using Procurement Cardholder’s Corresponding USC Account	
If the transaction was \$500 or more, including tax and delivery	If CA sales/use tax was not charged
If transaction was taxable	On a monthly basis per transaction
If non-CA merchant was used	At the sale/use tax rate (currently 8.25%)
Sales Tax is paid via a journal entry (XX-025P)	

**SECTION 12
THE DEPARTMENT OF SUPPLIER DIVERSITY SERVICES**

12.1. SUPPLIER DIVERSITY SERVICES

The Department of Supplier Diversity Services (*Appendix A*) works in tandem with Purchasing Services to provide maximum procurement opportunities for Diverse Suppliers . The Department of Supplier Diversity Services is also a resource to academic and research units that have federally or state funded sponsored projects and need to develop goals to use Diverse Suppliers for research and service proposals (12.7).

12.2 USC’S GOAL TO PROCURE WITH DIVERSE SUPPLIERS

The university aspires to have 15% of all procurements made through Diverse Suppliers, regardless of source of funds. For the purposes of contributing to the university’s 15% overall goal, ‘Diverse Suppliers’ are defined as those that self-classify themselves on the Purchasing Services’ Supplier Application Form as being one of the classifications charted below. Supplier Diversity Services maintains a database of Diverse Suppliers established to do business at the university (Locate a Diverse Supplier: <http://fbs.usc.edu/depts/diversity/>). Supplier classifications are also noted in Purchasing Services’ supplier database (WEBBA.VENDOR.I).

Use of These Self-Certified Suppliers Contributes to USC’s 15% Diverse Supplier Usage Goal			
S	Small Business	VOSB	Veteran-Owned, Small Business
PHY	Physically Challenged-Owned Business	SDVOSB	Service Disabled Veteran-Owned, Small Business
SD	Disadvantaged-Owned, Small Business	SW	Women-Owned, Small Business
SDA	Disadvantaged Asian-Pacific American Owned, Small Business	SWA	Asian Pacific American Women-Owned, Small Business
SDBL	Disadvantaged Black American Owned, Small Business	SWBL	Black American Women-Owned, Small Business
SDH	Disadvantaged Hispanic American-Owned, Small Business	SWH	Hispanic American Women-Owned, Small Business
SDN	Disadvantaged Native American-Owned, Small Business	SWN	Native American Women-Owned, Small Business
SDS	Disadvantaged Subcontinent-Asian American-Owned, Small Business	SWS	Subcontinent-Asian Woman-Owned, Small Business

12.3 USC’S GOAL TO PROCURE WITH SMALL, LOCAL SUPPLIERS

Use of small suppliers who are located within the nineteen (19) ZIP codes surrounding the University Park campus and Health Sciences campus also contribute to the university’s Diverse Supplier goal of 15% (12.2). This small and local business classification is regardless of owner ethnicity or gender. Supplier Diversity Services maintains a database of small, local suppliers established to do business at the university (Locate a Diverse Supplier: <http://fbs.usc.edu/depts/diversity/>). The small and local status is denoted (Y or N) in Purchasing Services supplier database (WEBBA.VENDOR.I).

Use of Small and Local Suppliers Contributes to USC's 15% Diverse Supplier Usage Goals			
90006	90017 – 90018	90031 to 90033	90062
90007	90021	90037	90063
90011 – 90015	90023	90058	90071

12.4 FEDERALLY SPONSORED PROJECT ACCOUNT GOALS

In order for the university's federally -sponsored contracts to receive credit for using a Diverse Supplier, the supplier must be one of the ownership classifications identified in the chart below. Most classifications that contribute to federal contract goals must be certified as explained below. These more stringently classified businesses also contribute to the university's 15% goal (but not vice versa). Supplier Diversity Services maintains a database of certified Diverse Suppliers established to do business at the university (Locate a Diverse Supplier: <http://fbs.usc.edu/depts/diversity/>).

Use of These Certified Suppliers Contribute to Federally Sponsored Project Goals		
Code	Description	Certification Requirements
SBA 8A	Certified as Socially / Economically Disadvantaged-Owned, Small Business	Certified through the Federal Government's Small Business Administration www.sba.gov and subsequently displayed in the primary vendor database for the U.S. Federal Government (ProNet / Central Contractor Registration)
SBA SDB	Certified as Small Ethnically / Economically Disadvantaged-Owned, Small Business	Certified through the Small Business Administration www.sba.gov and subsequently displayed in the primary vendor database for the U.S. Federal Government (ProNet / Central Contractor Registration)
SBA HUB	Certified as Historically Underutilized Business zone	Certified through the Small Business Administration www.sba.gov and subsequently displayed in the primary vendor database for the U.S. Federal Government (ProNet / Central Contractor Registration)
WOSB	Self Certified as Woman-Owned	Self Certified through USC's OnLine Supplier Application .
SDVOSB	Service Disabled Veteran-Owned, Small Business	Certificate of Honorable Discharge faxed to USC's Department of Supplier Diversity Services .
VOSB	Veteran-Owned Small Business	Certificate of Honorable Discharge faxed to USC's Department of Supplier Diversity Services .
HBCU	Historically Black College/University	Self Certified through USC's OnLine Supplier Application . Note that use of Historically Black College/University is typically only for subcontracts.
MI	Minority Institutions	Self Certified through USC's OnLine Supplier Application . Note that use of Minority Institutions is typically only for subcontracts.

12.5 STATE SPONSORED PROJECT ACCOUNT GOALS

The only Diverse Supplier classification that contributes to state-funded, sponsored project goals is the California Disabled Veteran Business Enterprise (CDVBE) classification. In order for the university's state -funded sponsored accounts to receive credit for using a CDVBE, the business must provide a certificate from the State of California to Supplier Diversity Services. Once in receipt of this certificate, the supplier is denoted as "CDVBE" in Purchasing Services supplier database (WEBB A.VENDOR.I). All CDVBEs also contribute to the university's overall 15% goal to procurement with Diverse Suppliers (Section 12.2).

12.6 MISREPRESENTATION

Any person who misrepresents a firm's status in order to obtain a contract at the university may be punished by imposition of fine, imprisonment, or both, subject to administrative remedies, including suspension and debarment, and be ineligible for future contracts.

12.7 RESEARCH PROPOSALS AND CONTRACTS

Supplier Diversity Services assists academic and research units in developing Diverse Supplier goals for federal, state, and local funded research and service contracts at or above \$500,000. Specifically, Supplier Diversity Services is responsible for developing Diverse Supplier government subcontract plans in compliance with the Federal Acquisition Regulation (FARs) and Defense Federal Acquisition Regulation (DFARs). Once a contract has been awarded, Supplier Diversity Services is responsible for monitoring and reporting contract compliance of Diverse Supplier goals, preparing "Good Faith Effort" proposals, and submitting quarterly and semi-annual reports on the status of Diverse Supplier goal compliance to appropriate government agencies.

SECTION 13 ETHICS POLICIES AND AUDIT SERVICES

13.1 CODE OF ETHICS

Because no set of policies can contemplate every possible scenario that may arise, it is expected that in all dealings, university employees will act in an ethical manner consistent with the university's Code of Ethics (policies.usc.edu). This compliance is expected, regardless of whether a particular rule or policy provides guidance in a specific situation.

13.2 CONFLICT OF INTEREST POLICY

Every employee of the university must avoid both actual conflicts of interest and the appearance of conflicts of interest and be in compliance with the university's Conflict of Interest and Ethics Policy & Procedure (policies.usc.edu).

The term conflict of interest refers to situations in which financial or other personal considerations compromise, or have the appearance of compromising, an individual's professional judgment and ability to perform his or her responsibilities to USC.

Purchasing Services also may identify actual or apparent conflicts of interest. In the event that Purchasing Service identifies a situation that is or appears to be a conflict of interest, the Director of Purchasing Services will request that a disclosure be made according to university policies and will coordinate with the relevant department, unit or school to address and manage the conflict. Purchasing Services may suspend any further action on the request that initiated the disclosure until such time as the conflict is managed.

Several purchasing-related situations are specifically prohibited under the Conflict of Interest and Ethics Policy:

- Conditioning any actual or potential business relationship with the university on a charitable gift or contribution to the university.
- Participating in any way in any negotiation of transaction between the university and a business entity in which your or your Close Relation has a personal, managerial or substantial financial interest. A Close Relation is defined as a spouse, mutual financial dependent, significant other, or person in an intimate relationship; a child, parent, sibling (including in-laws and step-relations), grandparent or grandchild, niece or nephew, aunt, uncle or cousin.
- Soliciting personal gifts or special favors from individual or entities that provide, or seek to provide, services or supplies to the university.
- Accepting personal gifts or special favors from individuals or entities that provide, or seek to provide, services or supplies to the university. This does not include occasional gifts of nominal or modest value (less than \$50.00 in value or isolated invitations to lunch or dinner).

13.3 AUDIT SERVICES and UNIVERSITY HOTLINE

University employees must report known or suspected misappropriations or conflicts of interest, regardless of magnitude, to their immediate supervisor, manager, department chair or dean. Supervisors, managers, department chairs or deans must then inform Audit Services (*Appendix A*). Individuals wishing to report suspected incidents on an anonymous basis may call the Office of Compliance Help and Hotline (*Appendix A*).

APPENDIX A REFERENCES

The following departments are referenced throughout the Purchasing Services policies and procedures. They each provide important services related to the procurement of goods and services on behalf of the university.

Business Services

- **DISBURSEMENT CONTROL**

www.usc.edu/disbursement

The Department of Disbursement Control is responsible for the disbursement of non -payroll checks and ensuring their compliance with the Internal Revenue Service, the California State Board of Equalization, and other government taxation and documentation requirements . Disbursement Control also administers the Expenditure and Travel Policies and Procedures, PCard sales tax payments, and the Policies and Procedures for Classifying and Paying Independent Contractors . Contact Disbursement Control at 213 740 -9794.

- **TRAVEL MANAGEMENT AND CORPORATE CARD SERVICES**

www.usc.edu/travel and www.usc.edu/pcard

The Department of Travel Management and Corporate Card Services has responsibility for negotiating travel-related supplier agreements (with airlines, hotels, travel agencies, etc.), facilitating payment to travel suppliers , and overseeing the Travel ^{Plus} Card and Procurement Card programs. Detailed information about Contract Travel Agencies is available on their Web site. Contact Travel Management and Corporate Card Services at 213 740-5805.

- **SUPPLIER DIVERSITY SERVICES**

www.usc.edu/dept/sbdo

The Department of Supplier Diversity Services assists the university in attaining its Diverse Supplier goals and is a resource to academic and research units that have sponsored project accounts (funded by federal, state, and local contracts) and need to develop goals to use Diverse Suppliers for research and service proposals. Contact Supplier Diversity Services at: (213) 740-2281.

- **SURPLUS SALES**

www.usc.edu/surplus

Purchasing Services operates Surplus Sales to meet several business and compliance objectives for the university in terms of proper disposal and the resale of items belonging to the university. Surplus Sales also provides low-cost items for sale to students, faculty, staff, departments, and the Los Angeles community. Contact Surplus Sales at: (213) 743 -4512.

Financial and Business Services

- **EQUIPMENT MANAGEMENT**

http://www.usc.edu/dept/finserv/equipment_management/

The Department of Equipment Management is responsible for maintaining inventory records for all university-owned, government-owned, donated, and other sponsor-owned Equipment. Before selling, donating, or disposing of Equipment, contact Equipment Management at (213) 821 -2880.

- **SPONSORED PROJECT ACCOUNTING**

<http://www.usc.edu/dept/finserv/spa/faqs/faq9.htm>

Sponsored Projects Accounting (SPA) oversees post award administration of sponsored research for the University. SPA manages awards for compliance with Federal, State, and Private agency fiscal and reporting guidelines, University policy and procedures, and with Generally Accepted Accounting Principles. Contact Sponsored Project Accounting at 213 740-5381

Office of the Senior Vice President for Finance

- **CAPITAL DEVELOPMENT / FACILITIES MANAGEMENT**

<http://www.usc.edu/fms/>

The Department of Capital Development and Facilities Management oversees all capital construction (construction projects over \$3 million), non-capital construction projects, and all maintenance for the university. All construction, alterations, remodels, and repairs must be purchased in compliance with the [Policies and Procedures for Capital and Non-Capital Construction](#). Contact Capital Construction at (213) 740-4912. Contact Facilities Management at 213 740-6833.

- **COMPTROLLER'S OFFICE**

<http://www.usc.edu/dept/finserv/>

The Comptroller's Office issues Expenditure Cards (plastic cards) based on an individual's expenditure authority on specific USC accounts and controls access to the university's financial systems (e.g. WEBBA). An [Access Form](http://www.usc.edu/dept/finserv/finsys/accessa.pdf) (<http://www.usc.edu/dept/finserv/finsys/accessa.pdf>) needs to be completed and submitted by the department's Senior Business Officer and submitted to the Comptroller's Office for approval and processing. The Comptroller's Office also provides a WEBBA training classes. Contact the Comptroller's Office at (213) 740-1900.

Office of the Senior Vice President for Administration

- **UNIVERSITY POLICIES**

<http://policies.usc.edu/>

The university policy web pages are maintained by Administrative Operations, Policy Development and Communication. Individuals seeking interpretation of a particular policy should contact the department noted in that policy. Questions about how to access policies, find answers to particular policy questions, or concerning the protocol for establishing or changing university policy may be sent to mceldown@usc.edu or telephone (213) 821-8103.

- **TRADEMARKS AND LICENSING**

<http://www.usc.edu/aux-services/trademarks/>

USC Trademarks and Licensing Services coordinates both internal and external usage of USC's identifying marks, and serves campus constituencies in trademark- and service mark- related activities such as trademark registration, licensing, and graphic identity issues. Contact Trademarks and Licensing at (213) 740-5222.

- **OFFICE OF COMPLIANCE**

<http://www.usc.edu/admin/compliance/>

The Office of Compliance demonstrates the university's commitment to comply with all applicable laws and regulations, detect and correct compliance violations promptly, and eliminate misconduct and other wrongdoing. The Office of Compliance administers the university Help and Hotline at (213) 740-2500. For concerns about regulatory policies, contact the Office of Compliance at (213) 740-8258.

- **AUDIT SERVICES**

University employees must report known or suspected misappropriations or conflicts of interest, regardless of magnitude, to their immediate supervisor, manager, department chair or dean.

Supervisors, managers, department chairs or deans must then inform Audit Services. Contact Audit Services at (213) 740-8258.

- **RADIATION SAFETY OFFICE, CAREER AND PROTECTIVE SERVICES**

<http://www.usc.edu/LabSafety/RAD>

The USC Radiation Safety Program is designed to insure compliance with applicable regulations and maintain worker radiation exposure as low as reasonably achievable. Contact the office at (323) 442-2200.