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1.0 Disbursements

1.1 Disbursements General

All persons conducting business on behalf of Chapman University will do so with the best interest of Chapman University in mind. Valid expenditures are those which are within budgetary guidelines and are both reasonable and necessary to conduct the business of a Chapman University department. Both the person who incurs the expenses and the person who approves the payment or reimbursement are responsible for achieving maximum economy in the expenditure of funds. Primary responsibility to ensure these expenditures are reasonable and necessary rests with the authorized signer for a department and the appropriate Vice President.

1.2 Types of Disbursements

1.2.1 Official Agreements, Contracts and Leases

All agreements, affiliations, leases or contracts committing Chapman University to an action or monetary obligation must be forwarded for review to Legal Affairs before being signed by the Executive Vice President/Chief Operating Officer.

The Accounts Payable department will automatically make monthly Lease or Rent payments according to the terms specified in the agreement documents. All rent and lease statements should be forwarded to Accounts Payable immediately upon receipt.

An approved purchase requisition must be completed and approved at the beginning of each contract period. Payment details including payee, contract period, monthly amounts and total contract payments must be included with the purchase requisition.

1.2.2 Office Supplies

The Purchasing Department has negotiated discount pricing and next day delivery with certain vendors. In order to maximize savings and convenience, departments should not make purchases on their own at local stores but should contact the Purchasing Department for assistance.

1.2.3 Prepayments to Vendors

Chapman University does not issue payments to vendors prior to the delivery of goods or services. The Purchasing Department is available to assist in negotiating with vendors regarding payment terms. The only exceptions to this policy would be prepayments for deposits, subscriptions, publications, and conference registrations fees. Payment for the previously mentioned items should be requested via a NON-PO Payment request and must have a copy of the order form or registration form attached.

COD orders are strongly discouraged and require advance coordination with the Accounts Payable department.
1.2.4 Professional Services

Chapman University follows Internal Revenue Service guidelines for determining whether a specific relationship is employment or professional services. The following are general guidelines to follow in determining the status:

- **Instructions, Supervision and/or Training** - Independent contractors usually are not required to comply with specific instructions as to when, where and how their work is to be performed. They usually are not closely supervised or trained as to the method of performing their job. Will the person in question be given detailed instructions, supervision and/or training about how to perform his or her job? If yes--probably an employee.

- **Integration** - Are the person's services integral to the purpose or success of the University or one of its programs? If yes--probably an employee. (Consider: course instructors versus plumbers working on a building renovation)

- **Personal performance of services** - The inability to delegate indicates an employment relationship. The IRS presumes that if the services must be rendered personally, the employer is interested in the means as well as the results. Does the University care whether the particular individual with whom it has contracted personally performs the work? If yes--probably an employee.

- **Continuing Relationship** - A continuing relationship tends to indicate employment. It is possible to have long-term independent contractors, but the longer someone is affiliated with the University, the more likely they are to be deemed an employee. Is the person expected to complete his or her job for the University at some foreseeable point in the future? If no--probably an employee.

- **Time to pursue other work** - Does the person have plenty of time to perform similar services for other companies? If not--probably an employee.

- **Payment by hour, week or month** - Employees are generally paid by the hour, week or month (though some are paid on commission). Independent contractors are frequently paid by the project or by commission, rarely by hour, week or month.

- **Furnishing of tools, materials and insurance** - Is the person providing his or her own equipment, tools, materials and insurance? If yes--should be an independent contractor. An independent contractor is not generally reimbursed for expenses, but employees should not be required to pay for business expenses out of their own pockets.

- **Significant investment** - If a person has made a significant investment in his or her own business, he or she is more likely to be an independent contractor. Does the person own expensive equipment, maintain an office, advertise? If yes--more likely an independent contractor.

- **Working for more than one firm at a time; making services available to the general public** - Performing services for more than one firm at a time generally indicates that a person is an
independent contractor. Independent contractors frequently provide, or at least offer to provide, their services to more than one entity. Similarly, independent contractors typically make their services available to the general public on a regular and consistent basis. Is the person available to be hired by others besides the University on a regular basis? If yes—more likely an independent contractor.

In addition to the above guidelines, the Employee/Independent Contractor Classification Checklist must be completed to verify the individual's status.

If you believe the relationship is that of an independent contractor, please submit the Employee/Independent Contractor Classification Checklist, form to Accounts Payable along with all supporting documents. Financial Services and Human Resources can assist you in determining the appropriate status.

If the person is currently an employee of Chapman University (or has been an employee within the current calendar year), he or she must be paid through payroll for all additional services rendered. In these instances, we must ensure that we are complying with relevant federal and state laws pertaining to overtime pay.

All independent contractors or consultants must submit invoices in order to be paid. If the service is ongoing, a maintenance contract for instance, or if the total to be paid is over $5,000, a purchase requisition should be submitted at the beginning of the contract period.

A copy of the contract, proof of insurance and a **W-9 form** must be on file in Accounts Payable prior to the issuance of the initial payment to an independent contractor.

All payments for professional services must be made directly to the individual by the University either through Payroll or Accounts Payable. Reimbursements to Chapman University employees for the payment of professional services are contrary to IRS regulations and will not be allowed.

Payments made to service Contractors that do not have a permanent place of business in the state of California or that are not qualified through the Office of the Secretary of the State to do business in California are subject to **seven percent (7%) state income tax withholding** (California Revenue and Taxation Code Section 18662). Types of income subject to withholding include, but are not limited to, payments for services performed in California and payments of leases, rents and royalties for property (real or personal) located in California. No withholding is required on payments for goods. California non-residents that are exempt must complete California Withholding Exemption Certificate, Form 590 to avoid the seven percent income tax withholding. **This Certificate needs to be submitted with the first invoice to Chapman University.**
1.2.5 Payments to Nonresident Aliens (International Visitors)

Chapman University follows Internal Revenue Service guidelines with regards to the payment of nonresident aliens. A nonresident for tax purposes is a person who is not a US citizen and who does not pass either the "Green Card" test or the Substantial Presence test. Payments can only be made to nonresident aliens who have been granted the appropriate employment authorization and visa status. In order to simplify the process of determining residency status, Chapman University uses software (GLACIER). Prior to making any payments to an international person, they are required to complete a simple questionnaire from the GLACIER software. Please contact Financial Services to gain access to this software.

1.2.6 Political Contributions and Payments to Other Charitable Entities

University policy prohibits the expenditure of University funds to support a political campaign, political lobbying, a candidate for public office, or a political party. This would include dinners sponsored by a committee whose proceeds go to the benefit of a politician or political party. The Internal Revenue Code and Treasury Regulations indicate that if the University were to make such expenditures for political purposes, the University's tax-exempt status could be jeopardized.

As part of its community involvement and societal and cultural goals, the University may participate in official events, sponsorships, and fundraisers hosted by third parties including other nonprofit organizations. This type of expenditure must be authorized in writing by the President and include justification or explanation as to the derived benefit in support of the University mission.

1.2.7 Telephone

Chapman University will reimburse individuals for calls made on personal telephones provided the clear business purpose of the call can be documented and an original bill showing the charge is provided. (If the University is paying less than 50% of the bill, a copy of the bill is sufficient.) Monthly service charge (or portion thereof) are reimbursable only for those persons/positions identified by the University as required to maintain a telephone. Reimbursement may be requested by using the university’s Travel & Expense reimbursement tool.

1.2.8 Moving or Relocation Expenses

All moving or relocation expenses for new faculty or senior staff must be authorized in advance and will be paid through Payroll. This would include payments to third parties, such as moving companies.

Chapman University follows Internal Revenue Service guidelines on the taxability of moving expenses. Please be aware that all expenditures will create taxable income to the employee. For taxability and questions about current IRS guidelines, please contact the Payroll office.
1.2.9 Memberships, Dues & Subscriptions

It is preferred that any expenditures for allowable memberships, dues or subscriptions be paid directly to the organization by the University rather than by reimbursement to an employee. These may be requested via Non-PO Payment Request. A copy of the invoice or order form must be attached.

1.2.10 Flowers and Gifts

The University will not pay or reimburse for payment of flowers or gifts to employees, other than flowers of nominal cost sent upon hospitalization of an employee or a death in the employee's family. The birth of a child will be acknowledged by the President's office. Flowers or Gifts to non-employees may be reimbursed for a reasonable amount for an appropriate business purpose.

1.2.11 Catering

On campus catering requests are authorized only for food and beverages provided for persons outside of Chapman University or associates from out of town and must be made through SODEXO. The appropriate Vice President must approve exceptions. (It is SODEXO policy to require a minimum 48 hours’ notice for services.) At the time a request is made SODEXO completes a catering request form that is given to the requester in order to obtain the necessary approvals. IRS guidelines require that the business purpose of the function be included. The approved form must be returned to SODEXO at least 24 hours prior to the event. After the event, SODEXO will return the form to the requester with the actual costs indicated. SODEXO will invoice accounts payable and the invoice will be paid unless the authorizing department disputes the invoice amount in writing to SODEXO.

1.2.12 Capital Equipment

All purchases for capital equipment must be preauthorized and should be requested via a purchase requisition.

1.2.13 Petty Cash

A Petty Cash Fund is maintained by the University Cashier in the Chapman University Business Office. Reimbursements may be requested for small expenditures. Original receipts must be attached to a Petty Cash Voucher detailing the following information:

- Date submitted
- Payee's name (Person to receive payment)
- Date of expense
- Description of expense
- Amount to be reimbursed
- Department and account number to be charged
- Appropriate approvals
Maximum reimbursement is $25.00 per cash voucher per payee per department per week. Amounts in excess of this should be requested through Accounts Payable. Transactions affecting a Cash Advance are not allowable through Petty Cash (exc. the recipients may return unused advance funds to the University Cashier’s Office.)

1.2.14 Student Refunds

All requests for refunds of credit balances on a student’s account must be made through the Business Office in the Bhathal Student Services Building. Housing deposit refunds are requested in the Housing Office. Refund checks are issued weekly.

1.3 Disbursement Procedures

1.3.1 Check Issuing Procedures

Checks are printed daily by Accounts Payable. Every effort will be made to have any document (Non-PO Payment Request, expense report, invoice, etc.) received in Accounts Payable, processed within 10 business days. Adjustments will be made for holidays. Departments should process the appropriate documents as far as possible in advance to allow time for obtaining approvals in order to meet deadlines. Documents not having the appropriate approvals or backup will delay the check issuing process.

Accounts Payable also offers “Express” processing of vendor checks. Any Express check request that is fully approved in PeopleSoft workflow and received in Accounts Payable prior to 8:00 a.m. will be ready for pickup after 3:00 p.m. the same day. The request should be clearly marked "EXPRESS" and must include all the appropriate backup and approvals. There will be a $10.00 fee charged to the requesting department for all checks issued in this manner.

Checks payable to employees for a Cash Advance or Expense Reimbursement will be mailed to the employee’s address on file with Human Resources. Alternatively, employees may receive direct deposit of their checks via Automated Clearing House (ACH) transaction. To begin ACH deposits, the employee must complete the Accounts Payable ACH deposit form available from Financial Services. This is separate from the Payroll Direct Deposit authorization form.

Student Refunds utilizing Direct Deposit are processed daily. Student refund checks are issued solely on Wednesday each week. Please sign up through the student account direct deposit e-Refunds for daily turnarounds on your refunds.

1.3.2 Sales and Use Tax

Chapman University is not exempt from sales tax. The University is required by California law, as well as the laws of the various states in which Chapman University does business, to pay sales tax on all purchases of tangible personal property. Vendors should be requested to charge sales tax when ordering. Items that are purchased for internal use, and for which the vendor did not charge sales tax, are subject to use tax; this usually happens when purchasing from an out-of-state vendor is not
licensed to collect out-of-state sales tax. The use tax rate is the same as the sales tax rate and is charged monthly to the same department and account as the original purchase. Only items that are purchased for resale are exempt from sales tax; however, Chapman University must collect sales tax when the items are sold.

1.3.3 P-Card Business Card

1.3.3.1 Introduction

The University provides Business Purchasing Credit Cards (P-Cards) to certain individuals to facilitate personal travel and the purchase of sundry, low-cost items for their departments. Purchasing Cards are not intended to bypass the university’s typical purchasing processes.

Purchasing cards must be requested by the Dean or Vice President of the affected department and must be approved by the VP/Controller of the University. Only employees of the Chapman University may be issued or retain Purchasing Cards.

The VP/Controller—with input from Deans or Vice Presidents—will determine permanent and temporary credit limits for each card-holder.

Cardholders must sign- and abide by the terms of the University’s Purchasing Card Holder Agreement. This document outlines key responsibilities of the cardholder and includes a partial list of purchase types that are NOT authorized uses of the P-Card.

Purchasing Cards are issued to a named employee (cardholder) and that employee is solely responsible for all purchases made with their card. Authority to use the purchasing card may not be delegated. A cardholder may use their card on behalf of another employee or department of the University, provided these purchases serve a legitimate business need of the University.

The cardholder must provide purchase receipts and reconcile transaction with the University’s expense capture system (Concur) not later than seven days following the end of each billing cycle. More frequent reconciliations and reporting are encouraged.

1.3.3.2 Attachments

Attachment A “Request for Credit Card”

Attachment B “Authorization for Credit Card Use”

Attachment C “Responsibility of P-Cardholder”
1.3.3.3 Parties Involved

Card Issuer – The Card Issuer is Bank of America. Card Issuer’s services include issuing Purchasing Cards to Chapman University employees, providing electronic transaction authorizations, and billing Chapman University for all purchases made on the cards.

Chapman University Cardholder – The Cardholder is an employee of Chapman University who is approved by his/her Dean or Vice President and by the VP/Controller to use the Purchasing Card to execute purchase transactions on behalf of Chapman University.

Chapman University Dean or Vice President – The Dean or Vice President is a Chapman University official who must approve employee’s request (with justification for need, a description for the type of expenditures and credit limit requested) for a Purchasing Card and submit application to the VP/Controller. This approval delegates transaction authority to the Cardholder. The Dean or Vice President are responsible for reviewing all their employee’s expenditures and verify the transactions are legitimate business expenditures and are classified appropriately. See attachment A.

1.3.3.4 Responsibilities of Cardholder

**All reconciliation and account coding activities are completed in the Concur expense management system.**

1. Verify electronic transactions loaded into Concur match the receipts (paper or electronic) received with each purchase.
2. Code each transaction on the electronic statement to the appropriate department and general ledger account within 7 days of the end of the payment cycle. Electronically attach receipts to each transaction and provide the business purpose of each expenditure.
   a. Additional transaction information may be required depending upon the nature of the expenditure. The Concur system will evaluate and request information as appropriate.
3. Electronically submit the reconciliation report within the concur system.
4. Reconciliation reports may be submitted as frequently as desired, and there is no need to wait until all transactions are concluded to submit. All transactions for a given billing cycle MUST be submitted no later than seven days following the end of that cycle.
5. Any infractions to the items terms of the Purchasing Card agreement may result in suspension or termination of purchasing card privileges. Infractions include—but are not limited to:
   a. Failure to submit completed P-Card Reconciliation Reports to Financial Services within the time allotted.
   b. Purchases made outside the intent of the P-card program.
c. Any personal purchases were charged on Chapman University P-Card. If by mistake Chapman P-Card was used for personal purchase the Cardholder must submit a check payable to Chapman University immediately.

d. As a reminder - The intentional use of the P-Card to procure goods and services for other than the official use of Chapman University is fraudulent use. An employee found guilty of fraudulent use will be subject to disciplinary action up to and including termination and may be subject to legal action.

1.3.3.5 Receiving a Credit Card

Dean’s or Vice President’s may propose an employee to be a cardholder by completing the request for credit card (Attachment A). After the Dean’s or Vice President’s approval (with justification for need, a description for the type of expenditures and credit limit requested), the request must be forwarded to the VP/Controller for approval. The Cardholder must sign the “Authorization for Credit Card Use” acknowledging receipt and understanding of this procedure before being issued the card.

1.3.3.6 Authorized Credit Card Use

The unique credit card that the Cardholder receives has his/her name embossed on it and shall ONLY be used by the Cardholder. NO OTHER PERSON IS AUTHORIZED TO USE the card or the account number on the card. The Cardholder may make transactions on behalf of others in his or her department. However, the Cardholder is responsible for all use of his/her card.

Use of the Credit Card shall be limited to the following conditions:

a. The Cardholder will purchase items and/or services that are consistent with the Cardholder’s organizational responsibilities and that are for the official use of Chapman University.

b. All items purchased “over the counter” must be immediately available at time of credit card use. No back ordering of merchandise is allowed.

c.

1.3.3.7 Unauthorized Credit Card Use

Cardholders will not use the credit card for the following:

a. Personal purchase or identification;

b. Cash advances; Telephone calls; and/or certain services.

c. See a more detailed list on Attachment C.

*** The use of the P-Card to procure goods and services for other than the official use of Chapman University is fraudulent use. An employee found guilty of fraudulent use will be subject to disciplinary action up to and including termination and may be subject to legal action.
1.3.3.8 Vendor Blocking

Chapman University reserves the right to block transactions at the point-of-sale level for certain vendor categories.

1.3.3.9 Making a Purchase

Whenever making a credit card purchase, Cardholder will use his or her best judgment to obtain the best product at the best price for Chapman University. In addition, Cardholder will always consider the departmental budget guidelines and funding availability before making purchasing decisions and will obtain his/her supervisor’s approval, if necessary and/or required. All P-Card expenditures will follow the guidelines of accounts payable expenditures to ensure sufficient control.

Payments for conference registrations can be made via P-Card.

1.3.3.10 Cardholder Record Keeping

Cardholder will retain documentation as proof of purchase for all P-Card purchases. Such documentation will be used to verify the purchases listed on the Cardholder’s monthly statement of account.

When the Cardholder makes a purchase over the counter (at the vendor’s location), the Cardholder shall retain the invoice and the “customer copy” of the charge receipt. The Cardholder is responsible to check that the vendor lists the quantity, fully describes the item(s), and does not make arithmetic errors before the Cardholder signing the slip.

When making a purchase by telephone, fax or Internet, the cardholder must retain a copy of the order blank or the order confirmation. When Cardholder receives the goods after placing the order, retain all shipping documentation and the invoice.

1.3.3.11 Declined Purchase Card Transactions

If a vendor declines the Purchasing Card, the Cardholder should immediately contact Financial Services for assistance. If the purchase is being made outside of normal Chapman University’s business hours, the employee must find an alternate payment method or cancel the purchase and contact Financial Services during normal hours.

1.3.3.12 Credits

Vendors will issue all credits to the individual Purchasing Card account for any item they have agreed to accept for return. This credit may appear on a subsequent statement. Under no circumstances may a Cardholder accept cash instead of a credit to the Purchasing Card account.
1.3.3.13 Unresolved Disputes and Billing Errors

The Cardholder is responsible for contacting the vendor to resolve any disputed charges or billing errors. If the matter is not resolved with the vendor, the Cardholder should do all of the following:

1. Submit a Dispute Request online in Works.
2. Contact Card Issuer at (800) 300-3084 directly to advise them of the Dispute.

NOTE: Transaction disputes are addressed through the credit card provider—Bank of America/Works. They are not resolved through Concur.

The total amount billed by Card Issuer will be charged to the individual departmental accounts, and credits for disputed transactions will be posted to departmental accounts when the credit appears on the Card Issuer billing.

1.3.3.14 Card Security

It is the Cardholder’s responsibility to safeguard the credit card and account number. The Cardholder must not allow anyone to use his or her account number or purchasing card. A violation of this policy will result in that Cardholder having his or her card withdrawn.

1.3.3.15 Lost, Misplaced or Stolen Purchasing Cards

Cardholders are required to immediately report any lost or stolen Purchasing Cards to Card Issuer toll-free at (888) 449-2273 (24 hours a day, 365 days a year). The Cardholder must also immediately notify his/her supervisor/department manager and Financial Services about the lost or stolen card at the first opportunity during normal business hours.

1.3.3.16 Cardholder Transfer/Separation

Before transferring to another department or separation from Chapman University, the Cardholder shall surrender the credit card to his/her supervisor/department manager. The supervisor/department manager shall advise Financial Services by telephone immediately and shall also cut the card up and return it to the Financial Services. Financial Services will set the credit limit to $0 so that the card can no longer be used.

If a Cardholder transfers to another department, he/she may request the P-card to be transferred to the new department, if approved by that area’s Dean or Vice President.

1.3.3.17 Accounting

Allocation of Purchasing Card Charges to Chapman University Departments: Card Issuer will submit an electronic reporting file to Chapman University that will be used to charge all Concur transactions to the appropriate department and general ledger account.
Each business day, the Card Issuer electronically posts each Cardholder transaction to the Concur Expense System. At the end of each month, the Card Issuer mails a statement of account to each Cardholder of the Cardholder’s transactions. The Cardholder must:

a. Verify the vendor receipts agree with the electronic posting and that all merchandise has been received.

b. Code each transaction to the appropriate department and general ledger distribution within Concur, within 7 days of the end of the billing cycle.

c. Submit the completed report(s) with electronic receipts within Concur. This will launch an electronic work-flow process to gain all needed approvals.

2. Financial Services will assemble and retain Electronic Cardholders Allocation Reports, and receipts for audit by internal and external auditors.

3. Based on the individual Cardholder submissions, Financial Services will process therequired accounting entries for the departmental charges.

4. The total amount billed by Card Issuer will be charged to the individual departmental accounts. Credits for disputed transactions will be posted to departmental accounts when credit appears on the Card Issuer billing.

5. Financial Services will reconcile the detailed billing statement to amount paid to Card Issuer.

1.3.3.18 Credit Limit Increases

Cardholders can request a temporary or permanent increase of their credit limit via an email request to their approving official, which is then forwarded to Financial Services for processing upon approver consent. The cardholder must indicate the amount of the increase, reason for the increase and if temporary or permanent. If temporary, they should also advise on the time frame of the increase.

1.3.3.19 Financial Services Review

Financial Services will perform a periodic review of P-Card Policy & Procedures and reserves the right to make any necessary changes to comply with Chapman University’s Fiscal Policy.

1.3.4 Disbursement Forms

1.3.5 Employee Expense Reimbursement (For Travel and Non-Travel)

Chapman employees should submit reimbursement request for authorized business expenses through the Concur Travel and Expense System. Detailed instructions may be found [HERE](#).
All expenditures must be supported by an itemized receipt or invoice showing items purchased and that payment has been made. A clear business purpose must be included with each expenditure. Reimbursements for services performed by other individuals and political donations are not allowed.

When appropriate, a traveler may request a cash advance in conjunction with a travel request submitted through the Concur system. Cash advances are associated with a specific short-term trip or project and must be repaid in full as the expense report for that event is completed.

Tasks associated with the preparation of a travel request or expense reimbursement may be delegated to others, however actual review and submission of the report is the responsibility of the traveler or payee.

Once submitted, requests will be routed for electronic approval prior to being sent to Financial Services for payment. No paper copies of requests or receipts need be submitted to Financial Services.

1.3.6 Non-PO Payment Request (Check Request)

A Non-PO Payment Request can be used for such items as memberships, dues, subscriptions, conference registrations and honorariums. The request must be approved by the appropriate persons and must include the appropriate backup as follows:

- Memberships, dues & subscriptions -- copy of order form
- Conference registration -- copy of registration form or payment receipt
- Honorariums
- A completed W-9 Form and copies of any applicable correspondence or original invoice.

The name and address of the payee must be included even if the check is to be picked up by the department. Reimbursements to employees should be requested on an Expense Reports (see Section).

**Non-PO Payment Request Form**

1.3.7 Local Mileage Reimbursement

When it is appropriate, within the guidelines of this policy, for an individual to use a privately-owned vehicle for University business, the University will reimburse that individual at the Internal Revenue Service standard rate (January 1, 2018 to December 31, 2018) of 54.5 cents per mile. Reimbursement will NOT be based on receipts for gasoline, oil, repairs, etc. Travel by private
automobile in lieu of public transportation is reimbursable also at the rate stated above OR the cost of coach class airfare to the destination and return, whichever is less. In all instances where the employee uses his/her own car, the employee must carry liability insurance for personal injuries and property damage to third parties. The University does not assume any responsibility for damages incurred by the employee arising from the use of a personal automobile in connection with business travel. Mileage will be reimbursed from Chapman University. (In the event that the distance from the employee's home is less than the distance from the University, travel may begin from the employee's home, if the employee agrees.)

1.3.8 Purchase Orders/Purchase Requisitions

Purchase Orders should be used for all purchases where an invoice is expected. Purchase Orders should be prepared prior to ordering the goods or service, not when the invoice is received. The Purchasing Department can assist you with your transactions.
2.0 Travel and Entertainment

2.1 Travel and Entertainment General

Use Concur System for online travel forms – concur.chapman.edu/
Note: please use Firefox, Chrome or IE and use your chapman email to login

The purpose of Chapman University travel and entertainment policy is to reduce overall travel expenses while providing for reasonable comfort and efficient travel services for employees traveling on University business.

The Executive Vice President/Chief Operations Officer is responsible for the overall management and control of business travel and related administration. This responsibility includes enforcing the travel and entertainment policy guidelines when necessary to achieve the primary goal of cost reduction.

The same judgment and consideration should apply to business travel expenses as to any other business transaction. Reimbursements should be requested, and authorized, only for expenses that contribute to University objectives.

It is the responsibility of each employee to adhere to the rules set forth in this policy. Further, it is the responsibility of the department director/dean to be familiar with the need for each item of expenditure, to ensure that appropriate documentation is obtained, and to see that the rules are adhered to, before approving the expenses and submitting them to Financial Services for payment. While this policy attempts to be comprehensive, it is impossible to anticipate every situation encountered by the traveler. Situations not covered in this policy should be discussed in advance with the appropriate management personnel. Persons traveling and funding those expenses with restricted funds should be aware that these sources may have additional requirements or limitations. The traveler is responsible for meeting these restrictions.

See also International Travel Policy, section 7.2.10

2.2 Airline Reservations

2.2.1 Travel Agency
Chapman University has contracted with two outside travel agencies to provide full travel management services to the University. These services include:

- Airline Reservations
- Reservations
- Car Rental Reservations
- Hotel Reservations
- Offsite Meeting/Seminar Arrangements
World Travel—Offering full-service travel assistance
618 N Main Street Santa Ana, CA 92701
Phone: (714) 935-9575 or (714) 835-8111
Fax: (714) 935-9772
- $40.00 surcharge per ticket will be added.
- $40.00 surcharge for Domestic tickets will be added.
- $50.00 surcharge for international tickets, (including Mexico and Canada) will be added

Corporate Travel Planners—Offering full-service and self-service travel assistance.
Note: Corporate Travel Planners services integrate into the Concur Expense system as a reporting convenience.

<table>
<thead>
<tr>
<th>Service</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Assistance (Concur Navigational Support)</td>
<td>877-727-5188</td>
</tr>
<tr>
<td>Full Service (Agent Assistance)</td>
<td>844-668-7602 or 210-524-4333.</td>
</tr>
<tr>
<td>After Hours Toll Free Number</td>
<td>800-358-1229 or 303-801-2331 use VIT Code W-P4O</td>
</tr>
<tr>
<td>Hours of Operation</td>
<td>5 am to 5 pm PST</td>
</tr>
<tr>
<td>After Hours/Weekends/Holidays</td>
<td>5:01 pm – 4:59 am PST</td>
</tr>
<tr>
<td>Group Travel (10+ travelers)</td>
<td>800-810-2695 or 210-530-0857.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service</th>
<th>Online</th>
<th>Full Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car/ Hotel Booking</td>
<td>$0.00</td>
<td>$5.00</td>
</tr>
<tr>
<td>Domestic Airline Ticket</td>
<td>$7.00</td>
<td>$20.00</td>
</tr>
<tr>
<td>International Airline Ticket</td>
<td>$7.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>Re-Issue</td>
<td>$7.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>Hold/Cancellation</td>
<td>$5.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Travelers may select either of these partners or may book their own flights through any of the publicly available internet travel sites, as long as it provides an option for selecting the lowest price ticket. For reimbursement, a printout of the screen showing the best pricing available must be submitted along with the Travel Request Form.

2.2.2 Airline Travel Guidelines

The following guidelines are provided to ensure consistent and economical travel arrangements. Remember, that generally the most economical airfares can be obtained when booking as far in advance as possible. Flexibility is also an important consideration. Departure dates and times can impact airfares and some airlines may require a Saturday night stay to obtain reduced fares.
2.2.3 Level of Travel

All business travel will be coach/tourist economy class regardless of destination. Should a traveler require a more expensive flight because of personal preference, the additional cost will be the responsibility of the traveler. While all travel booked for the University should be at the lowest available fare, personal preference as to departure and arrival times will be taken into consideration, as well as the use of alternate airports, and specific airline carriers. See section 7.2.10 for International Travel Policy.

2.2.4 Travel Request Form

An on-line Travel Request is available through the Concur system. The optional advance request reduces the risk of non-approved travel, properly encumbers departmental budgets to reduce risk of over-runs, and provides a measure of convenience when completing expense reports following travel. Individual Deans or Department Heads may require a Travel Request from travelers under their leadership.

A Travel Request is required of all employees requesting a Cash Advance.

2.2.5 Unused Tickets

Check with the travel agency or airline before discarding any unused tickets. The ticket may be useable, although additional charges will apply. Cancelled airline tickets for flights not traveled must be communicated to the travelers Budget Director.

2.2.6 Frequent Flyer Programs

Frequent flyer miles may be credited to the traveler’s individual account provided there is no additional cost to the University. The University will not pay enrollment or other fees associated with frequent traveler programs.

2.3 Hotel Accommodations

2.3.1 Hotel Selection

Travelers may arrange hotel accommodations through either of the University’s partner agencies or may book the stay on their own. The hotel or motel selected should be near the traveler’s ultimate destination and should be moderately priced. Travelers are encouraged to inquire "Is this the best rate available?" when registering. The hotel may have promotional rates that offer savings. In the event the purpose of travel is to attend a conference, and the conference organizers recommend a hotel, or the conference is taking place at a particular hotel, travelers may stay at the recommended or host hotel.
Travel under restricted funds may place additional limitations upon allowable hotel costs. The traveler in these circumstances is required to meet the limitation or provide an approved source of unrestricted funds to address any difference.

Guidance on the more common cost limitations by location are available from the links below:

Click below to view Current GSA Per Diem Meal and Lodging Rates:

**Domestic** or **Foreign**

### 2.4 Car Rental

#### 2.4.1 Restrictions

Automobile rental should not be automatic. The use of a rental car should be justified as an economical need and not as a matter of personal convenience. Consideration should be given to hotel shuttles, airport limousines or bus service when deciding whether it would be cost effective to rent a car.

#### 2.4.2 Company Selection/Car Size

Travel agencies can reserve cars through all major rental companies. Travelers may make their own car reservations. Compact or subcompact automobiles should be rented whenever possible. Chapman University enforces a maximum size limitation. No vehicle capable of carrying 12 or more passengers will be leased, rented, loaned, or used, for any reason! Chapman University is not licensed under a Class B program which is required for all vans 12-passenger or greater. For group travel, the lowest price vehicle appropriate for the size and purpose of the group should be rented.

#### 2.4.3 Insurance – Travelers and Auto – Domestic Travel

Chapman University insurance policy provides the traveler with insurance coverage when renting a car for University business. An insurance card that provides the necessary automobile insurance information for the car rental is available logging in and filling out the [Risk Management Insurance Request form](#) prior to traveling. Therefore, employees are **not** to take additional damage waiver insurance coverage offered by rental agencies. Please note that the original of the rental agreement must be retained by the employee and attached to the expense report when requesting reimbursement.

[See 7.2.10 for International Travel Policy](#)
2.5 Alternative Transportation

2.5.1 Personal Automobile

When it is appropriate, within the guidelines of this policy, for an individual to use a privately-owned vehicle for University business, the University will reimburse that individual at the Internal Revenue Service standard rate (January 1, 2018 to December 31, 2018) of 54.5 cents per mile. Reimbursement will NOT be based on receipts for gasoline, oil, repairs, etc. Travel by private automobile in lieu of public transportation is reimbursable also at the rate stated above OR the cost of coach class airfare to the destination and return, whichever is less. In all instances where the employee uses his/her own car, the employee must carry liability insurance for personal injuries and property damage to third parties. The University does not assume any responsibility for damages incurred by the employee arising from the use of a personal automobile in connection with business travel. Mileage will be reimbursed from Chapman University. (In the event that the distance from the employee’s home is less than the distance from the University, travel may begin from the employee's home, if the employee agrees.)

2.6 Meals and Entertainment

2.6.1 Meals

For domestic travel, Chapman University follows Internal Revenue Service rules for per diem meals and incidental expense (M&IE) reimbursement. Employees will receive a per diem allowance for their personal meals actually consumed when traveling out of town for substantially longer than an ordinary day’s work, so that you need to sleep or rest to meet the demands of your work while away from your home campus. For example, if you leave your home campus at 6AM and travel to another location then return to your home campus at 10PM you would not qualify for any meal reimbursement, because you did not need to sleep or rest away from home. Stopping to take a nap does not qualify. The university does not pay per diem for meals provided by your host or other party.

The university has adopted GSA (domestic) and SSA (international) rate standards for per diem payments. These rates will vary by location and are updated at least annually. Rates are automatically calculated within Concur based upon the travel itinerary entered.

Guidance on current rates can be found at the websites listed below:

Click below to view Current GSA Per Diem Meal and Lodging Rates

Domestic or Foreign
Additionally, the university has adopted the federal standard of paying 75% of a full-day per diem for the days traveled from and returning to the traveler’s home. Concur will automatically calculate this value based upon the itinerary entered. It is possible to over-ride this calculation when circumstances truly warrant. For example: the trip home did not begin until very late in the evening.

The appropriate University Vice President may with special exception authorize reimbursement of actual meal expenses instead of the standard per diem. The actual expense must be supported by the original receipt (showing itemized purchases).

See section 7.2.10 for the International Travel Policy.

2.6.2 Tips and Gratuities

The per diem rate for meals and incidental expense (MI&E) includes meals, tips for room service and gratuities to servers of food or beverage, payments to porters, skycaps or others for moving luggage or packages, or any payments of small amounts of money in appreciation of personal assistance.

2.6.3 Group Meals

The University may arrange to furnish meals to a group of Employees or students when it is to the University’s advantage. Under such an agreement the vendor may be paid directly by the group leader, or the group leader may dispense funds to the group members. The group leader is responsible to provide the names of the persons being provided meals and the amount of money provided. An example would be where an athletic coach provides funds for athletes to eat meals in route to competitions. In most cases, the amounts should not exceed the per diem rates.

2.6.4 Entertainment

Entertainment expenses, to be reimbursable, including any meals for more than one person, must be essential to the transaction of University business. The Internal Revenue Service requires that specific details showing names of guests and employees entertained, cost, date and place, business purpose and the business relationship of individuals entertained be supplied. This information MUST be included on your expense report.

Expenditures will be reimbursed only for entertainment of persons outside of Chapman University or associates from out of town. Exceptions require the approval of the appropriate Vice President. In all situations, employees are expected to exercise prudent business judgment and not to incur unnecessary entertainment expenses. This information MUST be included on your expense report.
Reimbursement for alcoholic beverages is subject to authorization by a Vice President or selected area delegates. General approvals of the Travel Expense Report in its entirety do not constitute approval for alcohol expenditures. The approvals system in Concur allows users to include additional approvers to the workflow when appropriate.

2.7 Miscellaneous Travel Expenses

2.7.1 Conference Registration

Conference and seminar registration should be authorized when possible by purchase requisition or paid for by completing a check request, obtaining appropriate approvals and attaching a copy of the registration form. If requesting reimbursement for conference registration, the “paid” receipt must be attached. Meals paid for, as part of a conference registration cannot subsequently be reimbursed to an employee unless a written justification is attached to the travel expense report.

2.7.2 Parking Fees, Tolls, Taxis

Whenever possible, these expenses should be accompanied by a receipt. Shuttle services between the employee's residence and the airport should only be used when the costs of mileage and parking exceed the cost of the shuttle service. Shuttle service can be arranged in advance through the travel agency.

2.7.3 Personal Trips

Personal side trips while on business are discouraged. If it is necessary to travel for personal reasons at either the beginning or end of a scheduled business trip, payment for that portion of the travel Chapman University have funded, must be made prior to delivery of the tickets.

2.7.4 Accompaniment by Spouse

When Chapman University specifically requests an employee's spouse to accompany the employee on a business trip, the spouse's expenses shall be treated as though the spouse is an employee traveling on University business. If the University has not requested that the employee's spouse accompany the employee, all expenses incurred as a result of the spouse's traveling will be the responsibility of the employee. Please use the Spousal Travel Form.
2.7.5 Expenses not paid by the University

Personal expenses, including, but not limited to the following, are not reimbursable.

- Baby-sitting Fees
- Barbers & Hairdressers
- Kennel Costs
- Sporting Equipment Rental Fees (except as covered under Entertainment)
- Annual Premiums for Personal Credit Cards
- Membership Fees for Private Clubs/Organizations (unless authorized by Vice President)
- Car Washes for Personal Automobile
- Traffic and Parking Violations
- Movie Rentals in Hotel Rooms
- Holiday or “end of the year” party

2.7.6 Lodging with a friend or relative

When a traveler lodges with a friend or relative while on University business, a non-cash gift, such as flowers, groceries, or a restaurant meal, may be provided to the host. The actual cost of such a gift may be reimbursed up to the Internal Revenue Service limit of $75.00 provided the original receipts are submitted on a Travel Expense report. Only one gift per stay may be provided to a host.

2.8 Cash Advance

A cash advance may be requested in conjunction with a Travel Request to pay for meals, ground transportation, hotel, and other miscellaneous items. Cash advances will typically not be issued more than 30 days prior to travelling. However, Financial Services may opt to pay earlier when the traveler can demonstrate: 1) an actual cash payment has been made, and 2) there is a clear advantage to the University in making early payment. A cash advance is made through the Concur System and is part of a Travel Request. The amount should be a reasonable estimate of the expected expenses and not to exceed the approved Travel Authorization. Cash advances will be issued to employees only. Clearing a cash advance means creating an Expense Report linked with the Travel Request and Cash Advance and submitting in Concur.

An Expense Report must be completed within 30 days of the traveler's return. If the employee did not use the entire advance, the difference must be paid to the University Cashier. The Cashier’s receipt must accompany the expense report being submitted (even if less than $25.00). If the employee had additional expenses not covered by the advance, a check may be issued for the difference following full approval of the Concur Expense Report.
2.9 Expense Report

The Expense Report is used to request reimbursement for approved travel expenses or other business expenses. The Expense Report is completed electronically via the Concur expense system. Electronic versions of all original receipts and supporting documentation must be attached, including an itemized hotel bill, airline or travel agency form commonly known as an itinerary.

A clear business purpose must be included for each line item of the Expense Report. Dates, times and places of travel are also required as is additional information based upon the nature of the expense. Concur will identify the type of information needed for each identified expense.

Submission of the Expense Report in Concur will launch an electronic approval work-flow. Hard copies of the report and other documentation are not needed by Financial Services.

2.10 International Travel Policy

As a general rule, Chapman University Travel Policy and Procedures are the same for domestic and international travel. See section Travel and Entertainment. The exceptions to this section are noted below. As a reminder, proper documentation (electronic receipts and appropriate approvals) can help avoid a delay in reimbursement.

2.10.1 Passports and Visas

Passport fees and visa fees are reimbursable with the appropriate supporting documents (electronic receipts and proper approvals). It is the responsibility of the traveler to obtain visas, where required, from the appropriate embassy or nearest consulate of the destination country.

2.10.2 International per Diem

For international travel, the U.S. Department of State per diem rate is available on-line. Use the “M & IE Rate.” The per diem rate used is for the actual time of travel. The traveler has the right to accept less than the authorized per diem. For faculty traveling on short term travel courses, the per diem rate used must be at the time of actual travel and may not exceed the per diem rate at the time of the budget approval.

2.10.3 Exchange Rates and Fees

Chapman University will pay reasonable ATM fees and Currency Exchange rate fees when cash is required during university travel. Chapman University will not reimburse travelers for exchange fees used for the purchase of personal items. Please use www.oanda.com to reference an exchange rate.
2.10.4 Car Rental Insurance – International Rentals

When renting a vehicle outside the United States, you should always purchase insurance as offered by the local rental agency. This coverage is designed to provide a level of protection necessary to secure the University’s liability for damage to not only the vehicle, but also to provide liability protection consistent with the laws of the local jurisdiction.

3.0 Purchasing Policy
3.1 Purchasing - General

The Purchasing Department of Chapman University is a service department created to provide centralized control over the procurement activities of the University. Our goal is to provide efficient and effective services in a timely and courteous manner.

Services performed by our staff include:

1. Procurement of supplies, equipment, and services for the faculty administrative staff, and all operation departments of the University at the time needed and as economically as possible consistent with desired quality.
2. Establishment of standards of equipment and materials of common use at the University.
3. Implementation of volume buying by consolidating items used by different departments.
4. Maintenance of a consistent and fair policy toward the business community which provides for the University's needs.
5. Provision of special, personalized assistance to faculty and staff members when needed in the area of procurement.

It is the responsibility of the Purchasing Department to convert department requests (requisitions) into Purchase Orders. A Purchase Order issued by the Purchasing Department is the only authority for a vendor to perform a service or deliver merchandise to the University. Staff and faculty are not authorized to issue Purchase Orders. Only the Purchasing Department is authorized to issue and sign Purchase Orders.

3.2 Purchasing Procedures

Procurement at Chapman University is based on open market competition. Purchases of higher dollar amounts as outlined in the chart below are subject to a competitive bid process. In cases where competition cannot be obtained, purchase requisitions must include a completed Sole/Single Source Justification for Equipment or Services Form. This form is available on the Purchasing web site.
“Sole Sources” exist when a single seller controls the supply of products or services in a defined market. These situations are usually the product of market conditions such as technology leadership, patent protection, limited/exclusive franchise distributorships, mergers and acquisitions, etc.

“Single Source” selections are usually driven by objective business decisions; such as leveraged volume purchase contracts, standardization programs/systems, parts/service provided by an “original equipment manufacturer”, consistency of quality/batch control, “just in time” delivery requirements, etc. “Single Source” selection based purely on personal preference or subjective rationale will not be sanctioned.

When you request a “Sole Source” justification, consider the following:

a. Reasonable Price:
   Even though there may be good reason for a “Sole Source”, we enter into a purchase contract only after determining that we will be paying reasonable prices. Documented price comparisons, discounts off published price lists, buyer’s knowledge of market, Fair Trade laws and other cost-price analyses determine if the price is reasonable.

b. Brand or Trade names:
   When you believe that only a specific brand, trade name, item or proprietary service will properly satisfy your requirements, include a description of the technical features that make that product or service the only one that fulfill your needs.

c. Extenuating Circumstances:
   When the prime-sponsoring agency or governing law directs the purchase, or when unusual
or compelling urgency for acquiring the goods or services precludes obtaining formal competition, the purchase may qualify for sole source justification.

d. Price Certification:
If there is no competitive or comparative evidence to demonstrate that a price is reasonable, the vendor should be asked to certify in writing that the quoted price is the best price offered to any educational or non-profit customer of a similar business volume. If the vendor is willing to provide this certification, it creates a legal liability for the vendor and is sufficient price justification.

3.2.1 Purchasing Requisitions and Vendor Selection

A Purchasing Requisition must be issued to a qualified vendor. If the vendor is not currently in the vendor database, then a W-9 form must be submitted to Financial Services. No purchase orders can be issued unless the vendor is previously set up in the vendor database. When using federal grant funds, it is important to know if a potential vendor has been debarred or suspended from doing business with the federal government.

Each vendor should be looked up on the System for Award Management (https://www.sam.gov/) in advance, to see if a potential supplier has been suspended or debarred. This check may help prevent delays in the procurement process. No purchase order can be issued to a vendor that is not set up in the vendor database.

The Purchasing Department is available to assist in planning all future expenditures to meet department requirements. All departments are encouraged to recommend vendors that have proven to be competent and qualified based on prior performance to the University. When the policy requires, it is the responsibility of the Purchasing Department to confirm competitive bids have been acquired by departments and issue the Purchase Order to the best qualified vendor based on all factors regarding the prospective purchase.

Whenever goods or services need to be ordered by a department for which a vendor will issue an invoice, a Purchase Order must be issued by the Purchasing Department. For a department to request a Purchase Order, an electronic Purchasing Requisition must be entered into the purchasing system either by the requestor or by the Purchasing staff. Requests for pricing, bids and analysis of responses should be done by the Purchasing Department in conjunction with, the department’s requestor. These documents can be attached to an electronic Purchasing Requisition. The Purchasing Requisition must include the department/account information and all the appropriate authorization approvals before an order can be placed with the vendor.
As described in the Disbursement Policy, the following transactions do not require a Purchase Order; a NON-PO payment request form should be used for:

1. Memberships, Dues & Subscriptions  
2. Conference Registration Fees  
3. Honorariums (see NRA Disbursements for foreign taxation)

A Purchase Order is created once a Purchasing Requisition has been budget-checked, submitted and approved accordingly through our PeopleSoft ERP. A fully approved Purchasing Order has gone completely through workflow and has received all the required approvals. The Purchase Order will be faxed, e-mailed or mailed directly to the vendor by the Purchasing staff. If a department wants to place the order with the vendor special instructions need to be written in the “Notes” section of the Purchasing Requisition. Any order that is to be picked up must indicate "Will Call" on it. For “will call” orders a copy of the Purchase Order will be provided to the department which can be taken to the vendor. Departments may not order items from a vendor without a Purchase Order. The vendor must indicate the Purchase Order number on the invoice.

Vendors will be instructed to send invoices directly to the Accounts Payable department for processing of payment.

After the Purchase Order items have been received and inspected by the department, the requestor must access the Receiving Screen and indicate that the order has been received. Accounts Payable will not pay an invoice without the order being received in the purchasing system. If there are any discrepancies between the invoice and the Purchase Order, the Purchasing Department or the requesting department will be notified to resolve all problems PRIOR to the invoice being paid.

3.2.2 Vendor Discounts

The Purchasing Department will negotiate with the vendor to obtain discount pricing. Some vendors do offer discounts that must be reflected on each purchase order. The Purchasing Department will make sure that all allowable discounts are taken and reflected on each order.
3.2.3 Blanket Purchase Orders

Blanket Purchase Orders will be issued to some vendors. Prior to the Blanket Purchase Order being issued, the Purchasing Department will evaluate the need for a Blanket Purchase Order and which vendor will be used. Generally, a Blanket Purchase Order may be required because a vendor will be issuing multiple invoices for the following:

- Frequent re-orders within a certain department
- Contracted services
- Rents
- Equipment Leases

Any department requesting a Blanket Purchase Order must be specific as to the exact services to be rendered or specific items that will be re-ordered. Once the Blanket Purchase Order is issued all invoices from the vendor must reference the Blanket Purchase Order number. All invoices that reference a Blanket Purchase Order must be approved by the department before payment can be made. The final determination to issue a Blanket Purchase Order is made solely by the Purchasing Department.

3.2.4 Purchasing Adjustments:

The Purchasing Department should be contacted if there are any adjustments to an order. Any changes to a Purchase Order after it is issued can only be done by the Purchasing Department.

3.2.5 Returns Saleable / Returns Damaged

Most vendors require a Return Authorization be given before any returns can be made. The Purchasing Department staff is available to assist with the process of returning goods that are in saleable condition. The Purchasing Department must be notified immediately if any goods are received in damaged condition. The Purchasing Department will also track returns to verify that any credits due the university are issued or a refund is given by the vendor to the University.

3.2.6 Contracts, Leases and Official Agreements

All contracts, leases or official agreements committing Chapman University to an action or monetary obligation must be forwarded for review to Legal Affairs before being signed by the Executive Vice President / Chief Operating Officer.

A written contract amendment signed by the university and the respective vendor is required when changes are proposed in a contract as originally approved. No verbal amendments to contracts are permitted. Vendor contracts shall include a provision requiring any amendment to be in writing and signed by authorized representatives of the parties.
Examples of contract amendments include: extension of contract beyond original expiration date, revised services to be received, increases or decreases to contract costs, increases or decreases in commission rates, changes in other financial reimbursements to Chapman University and any other changes to the original contract. Contracts shall be extended by written amendment for no more than a total period of three years unless otherwise approved by the Executive Vice President/Chief Operating Officer.

All contract amendments must be reviewed by Legal Affairs. If modifications are necessary, the amendment will be returned to the originating department. If there are no modifications, Legal Affairs will forward the amendment to the Executive Vice President/Chief Operating Officer for approval and signature.

3.2.7 Exceptions to Purchase Order procedures:

- SODEXO special events - see Disbursement Policy
- Office Supplies – Please contact the Purchasing Department for assistance. Each order is reviewed and placed with the vendor by the Purchasing Department.

3.2.8 Code of Ethics

Chapman University requires that its employees adhere to the principles and standards of the National Association of Educational Buyers Code of Ethics which are listed below:

1. Give first consideration to the objectives and policies of the institution.
2. Strive to obtain the maximum value for each dollar of expenditure.
3. Decline personal gifts or gratuities.
4. Grant all competitive offers equal consideration insofar as the established policies of the institution permit and regard each transaction on its own merit.
5. Conduct business with potential and current suppliers in an atmosphere of mutual confidence and integrity, void of intentional misrepresentation.
6. Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.
7. Use only by consent, original ideas and designs devised by one vendor for competitive purchasing purpose.
8. Be willing to submit any major controversies to arbitration or other third-party review, insofar as the established policies of the institution permit.
9. Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
10. Cooperate with trade and industrial associations, governmental and private agencies for the purposes of promoting and developing sound business methods.
11. Foster fair, ethical and legal trade practice.
12. Counsel and cooperate with NAEB members and promote a spirit of unity among them.
3.2.9 Purchases made with Federal Grant monies

Each purchase over $25,000 is required to have a minimum of two competitive bids. The Purchasing Department will assist the department in obtaining these bids.

In cases where competition cannot be obtained, purchase requisitions must include a completed Sole/Single Source Justification for Equipment or Services Form. This form is available on the Purchasing web site. The form should be used when you need to:

- Obtain replacement parts for existing equipment
- Get auxiliary components to match existing equipment
- Meet unique physical design or quality requirements
- Maintain research continuity
- Buy items that have characteristics unique to a single manufacturer, and essential to the proposed use
- Obtain goods and services that are proprietary to a certain manufacturer

“Sole Sources” exist when a single seller controls the supply of products or services in a defined market. These situations are usually the product of market conditions such as technology leadership, patent protection, limited/exclusive franchise distributorships, mergers and acquisitions, etc.

“Single Source” selections are usually driven by objective business decisions; such as leveraged volume purchase contracts, standardization programs/systems, parts/service provided by an “original equipment manufacturer”, consistency of quality/batch control, “just in time” delivery requirements, etc. “Single source” selection based purely on personal preference or subjective rationale will not be sanctioned.

4.0 Cash Receipts

4.1 Cash Receipts - General

All faculty, staff, administrators, and students are responsible to prevent the mishandling of University funds and to safeguard the handling of cash. Consider “cash” to be any type of payment received including: coin, currency, checks, money orders, credit cards, electronic funds transfers, wire transfers and e-commerce payments. All cash received for deposit into a Chapman University account must be submitted to an authorized Chapman University cashier, immediately, by the person responsible for the account. In return, the authorized Chapman University cashier will issue a numbered receipt, in addition to keeping at least one copy, or a log of the receipt.
The use of checking or other banking accounts by University personnel for depositing University cash is prohibited. All University bank accounts are authorized only by resolution of the Chapman University Board of Trustees.

A faculty, staff, administrator or student must not accept any form of cash for another person’s account. For example, under no circumstances should any employee, other than the authorized cashier, accept payments from a student. If you do submit cash for someone else’s account, you could be held liable for mishandling of funds, which is a serious offense, and may lead to disciplinary action.

4.2 Authorized Chapman University Cashiers

An authorized Chapman University cashier is defined as a department or other entity, specifically designated by Financial Services, to handle cash on a regular basis.

The authorized Chapman University cashiers are responsible for collecting, controlling, and accounting for cash receipts of the University and should have internal procedures to prevent the mishandling of University funds and to safeguard the handling of cash.

University cashiers are audited regularly by Financial Services.

4.3 Types of Cash Accepted

Chapman University accepts the following forms of cash:

1. Cash:
   a. U.S. Currency or Coin.

2. Check:
   a. Pre-encoded and drawn on U.S. bank (checks drawn on foreign banks are accepted in U.S. dollars only and are subject to bank charges.
   b. Please make checks payable to Chapman University. A third party check is accepted under the following conditions:
      i. Check is for deposit only.
      ii. For scholarship checks received on behalf of the student requiring endorsement, the student should endorse the check over to the University in the presence of the Cashier
      iii. (Note: If the third party check is returned unpaid, the payee will be held responsible for payment of the face amount of the check in addition to any related charges)
      iv. Employee name and extension or student name and identification must be noted on face of check.
v. Name of the organization for which the funds are received and/or a designation for the funds should be noted in the memo area of the check.

c. The appropriate chart-field (aka Fund-Dept-Program or Project) number along with the six digit account number is noted by the collecting organization preferably on the face of the check OR submitted with a deposit slip.

d. If a check is returned unpaid, the payer is responsible for the face amount of the check as well as a $25.00 returned item fee. In addition, once an individual has written a check to the University which is returned unpaid, their check writing privileges with the University may be revoked. They will need to use an alternate method of payment.

3. Credit Card:

   a. The University accepts Visa, MasterCard, and Discover for all “in person payments and fees” other than tuition-related expenses.

   b. The payee must be the cardholder and show valid picture identification.

   c. Credit card payments are no longer accepted for student tuition however, for other misc. fees and deposits credit cards may be accepted with the following information:

      • Student Name
      • Student ID#
      • Cardholder Name
      • Credit Card Number
      • Amount of Payment

4. Electronic Fund Transfers (EFTs):

   All Electronic Fund Transfers are processed by the Staff Accountant responsible for bank reconciliations. The Staff Accountant must be notified, as soon as possible, when anticipating an incoming or outgoing EFT. All faculty, staff, and administrators must provide Financial Services with the appropriate accounting documentation to be sure that the EFT’s are credited properly.

   **Wire Transfer Information – “Chapman University Students” Account Name:**

   Chapman University General Operating Account
   One University Drive
   Attention: Financial Services Department Orange, CA 92866

   **Name of Bank:**

   Wells Fargo Bank – Orange Plaza
   Orange Plaza Branch 101 E. Chapman Ave
   Account Number: 9286-0000-1111-2222-3
   ABA Number (Routing Number): 121-000-248
   International Wires, Swift Code: WFBIUS6S
Please include student name, student identification number in the description section of the fund transfer. For additional questions about EFT transfers or Wire payments, please contact the Cashier’s office at ePay@chapman.edu or 714-997-6838.

4.4 Online Student Payments:

Electronic commerce (e-commerce) payments can currently be made through several vehicles. Please refer to policies regarding setting up payment cards options below for more information.

4.4.1 Chapman University ePay - Student Tuition Payments:

Student tuition payments can be made via the Student Center or through a Panther Partner Authorized User payment through the computer terminals. The payment can be made via e-check.

- Students: Please have your user ID and password available as you log into the Student Center.
- Parents: Your student must set you up as a Panther Partner Authorized Payer. A username and password will be sent to you via email so you may begin making payments and view account balances on behalf of your student.

E-checks are also accepted from Savings or a checking account:

- All e-checks submitted must be drawn from an active NACHA approved bank account.
- No Credit card e-checks can be processed through the e-commerce portal as they do not represent an active NACHA approved banking account and must be processed independently. They can be accepted through an authorized cashier in person or by mail.

4.4.2 Payments on Student Accounts

Payments on Student Accounts are made by the students only. Please direct the students to an authorized Chapman University cashier or to the Student Center to make payments electronically. If neither an authorized Chapman University cashier nor the Student Center is available, students may submit their payments with the appropriate paperwork in the cashier’s box located outside the Chapman Campus cashier’s office. Faculty, staff, and administrators are not permitted to accept payments from students. Accepting payments represents mishandling of funds and could lead to disciplinary action.

4.5 Other Online Payments:

Types of payments on these sites are as follows:

- Echeck is accepted from a savings or checking account
- MasterCard
- American Express
- Visa
- Discover

Several other payment portals/links are available:
• **Chapman Marketplace** - This portal is where many events, student and academic department activities and other university online services are available to view and make payments for services.

**Student Portals:**

- **Sodexo Meal Plans:** This links provides the dining options available to both residents and commuters. Staff and Faculty may also purchase these plans.
- **Commuter Meal Plans** – Direct link to purchase Commuter meal plans online.
- **eAccounts/Declining Balances:** funds on this card allow incidental purchases in our food eateries and other vending services across campus.

**Other Department Portals:**

- **Online Giving:** Support Chapman University! The online giving pages provide multiple areas of need.
- **University Ticketed Events** – Purchase Tickets like Athletic games, COPA and Musco COA performances, etc.
- **Special University Events:** Links will be available on selected web pages for conference registrations, special events, gala premier events, Phonathon, and other events as available.

**4.6 Other Miscellaneous Approved payment types:**

- Cashier’s Check
- Traveler’s Check
- Money Order

**4.6.1 Debit Cards (“eAccounts”/Declining Balance Funds)**

Amounts may be deposited with the Chapman Campus cashier and recorded on a valid Chapman University Identification Card as funds available for use. The ID card may then be used as a debit card during regular operating hours for purchases in the Chapman University food service areas. There is no expiration date for the use of these funds. The minimum deposit amount is $5.00. If the debit card is lost or stolen, the cardholder is responsible for all charges incurred against the card until the loss or theft is reported to the Card Office. There is a $10.00 replacement fee for all Chapman University Identification Cards.

**4.6.2 University Funds - Other Receipts**

Chapman University funds received on behalf of the University are immediately deposited with the authorized Chapman University cashier into a bank account authorized by the Board of Trustees. The most common University funds are received through gifts, student activities and organizations, fees from the clinics and centers, fines from parking and the library, events, conferences, and seminars. Those departments or entities specifically designated to receive cash, must have internal procedures, approved by Financial Services, to prevent the mishandling of
University funds and to safeguard the handling of cash.

4.6.2.1 Change Funds (Cash Boxes)

Change funds or cash boxes can be provided to any Chapman University approved organization for on campus events. Change funds are requested by submitting a completed and approved Cash Voucher to the Chapman Campus cashier, a minimum of one working day in advance of the date needed. Change funds are issued, as available, for a maximum amount of $200.00, (unless an exception is granted by Financial Services), in the combination of coin and currency specified on the cash voucher.

Change funds are returned to the cashier within one working day of the final event for which the fund was issued. Money in excess of the change fund, (ie. revenue from the event), is deposited immediately with an authorized Chapman University cashier. Change funds which are not returned within that time frame are charged, in full, to the requesting organization.

4.6.2.2 Gifts, Grants, and Contracts

All gifts and gift grants are deposited with the University Advancement Gift Recorder, an authorized Chapman University cashier. The gift recorder records the gift and generates a gift receipt to the donor. The gift recorder then deposits the funds immediately with the Chapman University cashier.

For the purpose of determining whether the funds should be forwarded to the cashier or gift recorder, Chapman University defines a gift and a gift grant as:

Any contribution of value from which the donor receives no economic benefit and the contribution is completed and irrevocable at the point of transfer.

(This is not intended to be a legal interpretation. Other restrictions and limitations may apply which are not pertinent to this policy.)

If the payer receives an economic benefit, then the funds are not gifts and should be forwarded to the Chapman University Cashier, along with the proper support documentation. Please be sure that the funds include the appropriate chart-fields to be credited.

Federal, state, and county grants and contracts are not gifts and are processed by the Sponsored Research team and forwarded to the Chapman University Cashier’s Office.
4.6.3 e-Commerce policies

4.6.3.1 Purpose and Scope

This policy governs the acceptance of payment cards (e.g. Visa, MasterCard, American Express, and Discover) as well as, ACH transactions from the NACHA network banks by the University. Being able to provide these payment options to University customers, including students, staff, parents and donors, comes with significant responsibility to maintain account holders’ and cardholders’ information securely and to mitigate the risk of fraud. As a merchant accepting payment card transactions, the University must adhere to strict security guidelines established by the Payment Card Industry and the banking networks or face significant financial penalties. In addition to such penalties, any compromise of cardholder or account holder information undermines public confidence in the University’s ability to maintain appropriate stewardship over confidential information entrusted to it. Lack of compliance in a single area of the University could jeopardize the University’s ability to accept credit cards in any area. Hence, all departments and units accepting payments must abide by this policy.

4.6.3.2 Principles:

The following key principles will be included in detailed revenue processing and deposit standards some of which are as follows:

- Electronic processing is the preferred methodology for handling payments
- Payment options will be linked directly to the university’s primary e-commerce vendors and current merchant relationships as the general rule to ensure timely recording of transactions and expedite the prompt reconciliation of general ledger and bank accounts. Any exceptions to this policy must be approved by the e-Commerce team.
- Although, cash is an accepted form of payment, its use is discouraged except for in person sales of university ticketed events, bookstores and food vendors. The university’s goal is to limit cash due to the inherent internal control risks.
- All revenue processes will be characterized by separation of duties. No one person will have complete control over a revenue processing transaction from initialization to reconciliation.
- Only approved personnel designated by Financial Services may process revenue and make deposits.
- All employees involved in revenue processing must complete the mandatory training programs.
- No copies of credit cards, listings of credit cards with complete account information are to be stored in any university database or file without the written approval of IS&T and/or Financial Services. The storage of truncated numbers, in approved formats, is permissible.
4.6.4 Requests for e-Commerce

All Chapman University departments, events and transactions must be requested and pre-approved by our e-Commerce team prior to contracting with any e-commerce provider. The revenue producing activity fiscal officer and/or department head will sign a policy compliance document. Compliance documents will be tailored to revenue processing options. All electronic processing options must comply with university guidelines for data security. Credit/Debit card transactions must comply with the requirements of the Payment Card Industry Data Security Standards (PCI DSS) rules (See Appendix re: PCI DSS).

4.6.5 Sanctions for Non-Compliance:

University departments or units that transact business using payment cards in a manner that deviates from this policy are subject to various financial and other sanctions. These may include termination of merchant accounts, financial penalties and costs associated with a security breach, penalties and costs associated with bringing a non-compliant application into compliance, and/or possible disciplinary action of the staff involved - up to and including termination of employment.

4.6.6 Appendix A – PCI DSS Compliance Requirements/Guidelines

• It is against University policy to store credit card numbers on any computer, server or database. This includes Excel spreadsheets.
• Treat payment card receipts like you would cash.
• Keep payment card data secure and confidential.
• Restrict access to card data to “those who need to know.”
• Documents containing cardholder data should be kept in a secure environment (i.e. safe, locked file cabinet, etc.) or after processed shredded in appropriate receptacles.
• Cardholder data must be transmitted securely. (i.e. encrypted)
• Email is not an approved way to transmit credit card numbers.
• Fax Transmittal of cardholder data is permissible only if the receiving fax is located in a secure environment by an authorized employee designated by Information Systems and / or Financial Services.
• Credit card receipts and supporting documentation containing credit card numbers should be securely stored for one year, but no longer.
• “Sanitize” account numbers on paper documents.
• Paper receipts should be destroyed so that account information is unreadable and cannot be reconstructed.
• Manual swipers or imprinters should be discontinued in usage and are no longer authorized for use.

• Technology changes that affect payment card systems are required to be approved by the e-commerce team (Financial Services and IS&T) PRIOR to being implemented.

• Any new systems/software that processes payment cards are required to be approved by the e-commerce team (Financial Services and IS&T) PRIOR to being purchased.

• Computer systems that process payment cards must be behind a firewall.

• Use and regularly update anti-virus software.

• Do not use vendor-supplied defaults for systems passwords and other security parameters. All passwords must meet or exceed Chapman University password standards.

• Assign a unique ID to each person with computer access.

• Computer systems that process payment cards must have the ability to monitor and track access to network resources and cardholder data.

• Report all suspected or known security breaches to Financial Services AND the IS&T office AND Public Safety.

• If there are any questions regarding this policy, please contact Financial Services or IS&T.

5.0 Fixed Assets

5.1 Fixed Assets - General

Individual departments are charged with stewardship responsibility for the capital and non-capital asset under their control. Ownership of the University asset is vested in Chapman University and not in any specific unit, department, or individual regardless of whether the asset was purchased with University funds, funded by grants or donated by a private individual or organization. Such items need not be listed on the University’s asset inventory to qualify as University asset.

University equipment may be used only in the conduct of University-related activities. University equipment may not be borrowed by or rented or loaned to any person or group for non-University purposes unless authorized by the EVP/COO.

5.1.1 Non-Capital Equipment

Non-capital equipment includes but is not limited to, all office furniture and fixtures, printers, calculators, fax machines, refrigerators, microwaves, typewriters and telephones.
5.1.2 Fixed Assets (Capital Equipment)

The terms fixed assets and equipment may be used interchangeably throughout. The term campus includes Chapman Campus, Law School and Rinker Campus and other Chapman University sites.

For disposal of Capital and Non-Capital equipment see Surplus Asset Policy

Definition of Fixed Asset—A tangible, nonexpendable item with an acquisition cost, which equals or exceeds $1,000 and having a useful life of more than one year. Items can be acquired by funds from operations, gifts, and grants. Items can also be acquired as gifts-in-kind.

The value of a fixed asset includes sales tax, freight, and installation. The value also includes any additional components, priced separately which are essential to the use of the main item or attached to the main item and cannot be removed without damaging the item. For example, a computer where the CPU, monitor, and keyboard are all one item even if purchased individually.

Cables, carrying cases, and warranties purchased separately are expendable items and not capitalized. Items that are individually under $1,000, but after construction or installation are valued over $1,000, represent fixed assets as long as the individual pieces cannot be unassembled and disposed of separately. An example of this is the construction of a wall that once built cannot be broken down back to individual items like modular office cubicles.

Donated items, with a fair market value of $1,000 or more per item and a minimum useful life of more than 1 year, are capitalized. The fair market value of each item is used as its “acquisition cost” in the Fixed Asset System and recorded as a gift-in-kind, charging the appropriate Chart-Fields. Donated land and other items not intended for use by the university are not capital fixed assets and recorded as assets held for sale. Repairs are not capitalized.

5.1.3 Leases

Financial Leases with terms of greater than one year will be recorded on the balance sheet in accordance with the newest FASB guidelines released 2018.

5.2 Title

All fixed assets purchased or otherwise acquired by the University are considered Chapman University property upon acquisition. Equipment is intended for institutional use and not for private purposes. No employee, student or donor shall use, operate or permit the use or operation of university’s equipment for any private purpose. Unless otherwise instructed by grant or contract terms and conditions, equipment acquired by grants and gifts to the university are considered Chapman University property and not the property of the department or individual receiving the grant or gift.
5.3 Responsibilities

5.3.1 Departments

Each department head is responsible for the control, use, and security of all capital assets in its possession. In accordance with this responsibility, each department shall appoint a contact person to provide the main line of communication between the department and Financial Services. The department contact person along with the department Dean or Director should be familiar with the university policies and procedures as contained herein. The contact person should be an employee who reports directly to the department head.

Responsibilities of the Departments include the following:

• Enforce compliance within the department with the university policies and procedures as contained herein
• Assist Accounting in locating new equipment, which requires tagging
• Advise Accounting regarding the movement and intent to dispose of equipment on the forms provided
• Assist or assign responsible department personnel to assist with the physical inventory of the department. This would include allowing access to all offices and labs, in addition to aiding in identifying and locating equipment.
• Secure all equipment upon termination of department employees

5.3.2 Financial Services

Financial Services established the policies and procedures incorporated herein to control, protect, preserve and maintain all property of Chapman University.

Responsibilities of Financial Services include the following:

• Identifying and tagging of certain capital fixed assets
• Process all additions and changes to Fixed Asset System, database
• Maintain records for each capitalized item, including acquisition cost, acquisition date and funding source in the Fixed Asset System.
• Monthly reconciliation between Fixed Asset System and the General Ledger
• Conduct physical inventories, as needed, to ensure that the items exist and are usable, used and needed and to verify the correctness of the Fixed Asset System
• Insure procedures for disposing and transferring of assets are maintained and adequate supporting records are kept documenting a sale, trade-in or other disposition.
5.3.3 Fixed Asset Tagging

Certain fixed assets are affixed with a Chapman University bar-code inventory tag, supplied by Financial Services. Inventory tags include the fiscal year that the item was acquired and the statement “Property of Chapman University”.

When inventory tags are lost, damaged or poorly located, replacement tags are available from Financial Services.

5.3.4 Disposals and Transfers

5.3.4.1 Thefts

All University property, including equipment, stolen or otherwise missing must be reported to Campus Safety at the time it is discovered missing. If the property/equipment is not located, the department responsible for the item(s) is required to complete a Fixed Asset Disposal Form, with the appropriate signatures and documentation, to Financial Services. Please note on the form that there was a theft and attach a copy of the Campus Safety Report.

5.4 Disposals (Surplus Assets)

5.4.1 Surplus Assets Definition

A surplus asset is any tangible, personal property belonging to the University (not purchased by grant funds) which is no longer of use to the University department in possession. Ownership of the University asset is vested in Chapman University and not in any specific unit, department, or individual regardless of whether the asset was purchased with University funds, funded by grants or donated by a private individual or organization. Departments are strictly prohibited from selling or giving an asset directly to faculty, staff, students or other individuals.

5.4.2 Surplus Assets Policy

When the decision is made by the department in possession to remove it from their use (and approved by their department chair/dean/director), it is to be declared surplus University property and notification of the intent to declare the item(s) surplus is given to the Surplus Asset Administrator (SAA) by completing the “Surplus Asset Form”.

• Once an asset is declared surplus, there is no “ownership” rights. There is no “storing” of surplus assets for later use.

This policy does not cover assets where the grant/contract sponsor retains ownership. These assets must be treated in accordance with the specific sponsor’s requirements. For further information, please visit the Grants website.
5.4.2.1 Locating Equipment Offsite

It will be the responsibility of the department allowing the equipment offsite to maintain a record of employees in possession of the offsite asset and retrieve it from a terminating employee.

5.4.3 Equipment Inventory Reporting Requirements

Physical Inventory - Each department is required to conduct a complete physical inventory of equipment as requested by Financial Services. Any additions, deletions, transfers or corrections discovered during the conduct of the inventory must be reported to Financial Services.

Upon completion of the department’s physical inventory, the department’s Dean or Director along with the department’s contact person must sign certifying that the physical inventory has been completed and the attached report listing all department fixed assets is correct.

Physical inventories are to be completed in a timely manner to ensure that property records are up to date and recording depreciation of equipment, where appropriate is accurate.

Spot checks - Spot checks are performed by Financial Services to test the validity of the inventories received from departments. Inventory spot checks will be undertaken in any department. If a sufficient number of discrepancies are noted during a spot check, the department may be asked to perform additional work on the inventory before it is accepted by Financial Services.

The cost of missing equipment may be charged to the responsible department. Inventories may be requested at any time.

5.4.4 Property and Equipment Acquired Through Grants

Unless otherwise instructed by grant or contract terms and conditions, property and equipment acquired from Grants are the property of the University and will be tagged and accounted for as such. Care needs to be taken when disposing of items purchased with grant funds, as individual grants have various requirements. Please refer to the individual grant for disposal requirement in addition to disposal requirement stated herein. As required by Uniform Grant Guidance (2 CFR 200), a physical inventory will be taken (at least) every two years.

5.4.5 Property and Equipment Acquired by Agencies

Property and Equipment acquired by Agency accounts are the property and the responsibility of the Agency and are not accounted for in the University’s Financial Statements. Certain items with a value over $1,000 are tagged with University’s fixed assets numbers for inventory purposes only.
The policy stated herein will pertain to agency accounts except in the following areas:

- Chart-field Account codes – Please use “Expendable ... & Equipment -560005 to 560025
- Depreciation- equipment is not depreciated

6.0 Grants

6.1 Grants - General

The purpose of the Chapman University grant policies and procedures is to establish consistent and uniform practices for our grant process to meet the compliance standards set forth in the Office of Management and Budget (OMB) Uniform Grant Guidance (2CFR 200).

As a recipient of federal awards, the University is obligated to comply with rules and regulations promulgated by various federal offices. These offices include sponsoring agencies such as the National Institute of Health (NIH), the National Science Foundation (NSF), the US Department of Education, and regulatory agencies such as the Office of Management and Budget (OMB). Included in these regulations are requirements for universities to have written procedures governing our program, procurement, property, reports, records, and financial management practices applicable to all federal and non-federal grants. Therefore, adherence to these policies and procedures by the University is necessary to prevent violations of federal statutes.

6.2 Office of Sponsored Research - Post Award Administration

It is essential that the appropriate administrative offices are immediately notified that a grant has been awarded. Upon notification of an award, the principal investigator must provide the Office of Sponsored Research with a copy of the office award document. Sponsored Research will send a copy of the award document and any supporting materials outlining grant requirements, with the Notice of Award Memorandum, to the appropriate Dean(s) and Chair(s), and to the Office of Sponsored Research, (who will keep the original) and will provide the Provost, the Public Relations Office, and Financial Services with details of the award. The Office of Sponsored Research will maintain an ongoing record of all grants received, identifying the sponsor, and the duration of the project. A request to establish a new account within the financial system should be requested by the Office of Sponsored Research and forwarded to the Service desk and Financial Services who will process the request.
6.3 Reports and Records

All financial expenditure reports and any reports that include financial information, required by any agency or organization, during the grant's period of performance, must be approved by the P.I., Dean if required and the Office of Sponsored Research in accordance with the agency/organization's guidelines.

Since Chapman University is required to retain all grant reports and records after the grant performance period is over, a copy of ALL progress and final reports, whether they include financial information or not, must be sent to the Office of Sponsored Research grant file.

6.4 Grant Close-out Policy and Procedures

When a sponsored project ends, certain administrative actions are required to ensure an orderly closing of the award. Specific report and deliverable requirements are typically stated in the sponsor’s award documents. The award documents will identify the specific reporting requirements and should be reviewed by the Principal Investigator and the Office of Sponsored Research at the time the award is funded by the sponsor.

It is important to complete all the requirements and it is important to do so in the timeframe stipulated by the sponsor. Non-compliance in this regard can lead to debarment of the Principal Investigator from receiving subsequent awards from the sponsor. Ultimately, it can even lead to the debarment of the University from receiving awards from the sponsor because the University is held responsible for all required closeout documents.

All information gathered by the grant shall be retained by the Office of Sponsored Research as the office of record, to be processed (destroyed, filed or otherwise stored) in the appropriate manner. The Office of Sponsored Research will be responsible for locating any information from the grant at a later date as long as it falls within general operating procedures for retention of information.

6.5 No-Cost Extension

Principal Investigators who are uncertain about being able to meet the deadlines listed, are strongly encouraged to request a no-cost extension from the sponsoring agency. Please contact the Office of Sponsored Research as early as possible to apply for the extension.
6.6 Cost Principles

In accordance with OMB Uniform Grant Guidance (2 CFR 200), Chapman University is incorporating the following cost principles for application with all grants, contracts, and other agreements with funding sponsors. The cost of a sponsored agreement is comprised of the allowable direct costs incident to its performance, plus the allocable portion of the allowable F&A costs of Chapman University, less applicable credits.

6.7 Factors affecting allowability of costs:
In order for costs to be allowable, they must:

- be reasonable;
- be allocable to sponsored agreements under the principles and methods provided herein;
- They must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances;
- They must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items.

6.8 Reasonable Costs:

A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflects the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. Major considerations involved in the determination of the reasonableness of a cost are:

- whether or not the cost is of a type generally recognized as necessary for the operation of Chapman University or the performance of the sponsored agreement;
- the restraints or requirements imposed by such factors as arm's-length bargaining, Federal and State laws and regulations, and sponsored agreement terms and conditions;
- whether or not the individuals concerned acted with due prudence in the circumstances, considering their responsibilities to Chapman University, its employees, its students, the Federal Government, and the public at large; and
- The extent to the incurrence of the cost is consistent with established Chapman University policies and practices.
6.9 Allocable Costs:

A cost is allocable to a particular cost objective (i.e., a specific function, project, sponsored agreement, department, or the like) if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a sponsored agreement if:

- it is incurred solely to advance the work under the sponsored agreement;
- it benefits both the sponsored agreement and other work of Chapman University, in proportions that can be approximated through use of reasonable methods, or
- it is necessary to the overall operation of Chapman University and, assignable in part to sponsored projects. Where the purchase of equipment or other capital items is specifically authorized under a sponsored agreement, the amounts thus authorized for such purchases are assignable to the sponsored agreement regardless of the use that may subsequently be made of the equipment or other capital items involved.

Any costs allocable to a particular sponsored agreement may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience.

Any costs allocable to activities sponsored by industry, foreign governments or other sponsors may not be shifted to federally-sponsored agreements.

6.10 Allocation and documentation standard:

- **Cost Principles**: Chapman University is responsible for ensuring that costs charged to a sponsored agreement are allowable, allocable, and reasonable under these cost principles.
- **Internal Controls**: Chapman University financial management system shall ensure that no one person has complete control over all aspects of a financial transaction.
- **Direct Cost Allocation Principles**: If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of interrelationship of the work involved, notwithstanding the above paragraphs, the costs may be allocated or transferred to benefited projects on any reasonable basis, consistent with the cost principles and internal control standard.
- **Documentation**: Federal requirements for documentation are specified in Uniform Grant Guidance (2 CFR 200).
6.11 Consistency in Estimating, Accumulating and Reporting Costs (CAS 9905.501)

Chapman University practices used in estimating costs in pricing a proposal shall be consistent with Chapman University cost accounting practices used in accumulating and reporting costs.

Chapman University cost accounting practices used in accumulating and reporting actual costs for a sponsored agreement shall be consistent with Chapman University practices used in estimating costs in pricing the related proposal or application.

The grouping of homogeneous costs in estimates prepared for proposal purposes shall not per se be deemed an inconsistent application of cost accounting practices under subsection a when such costs are accumulated and reported in greater detail on an actual costs basis during performance of the sponsored agreement.

6.12 Consistency in Allocating Costs Incurred for the Same Purpose (CAS 9905.502)

All costs incurred for the same purpose, in like circumstances, are either direct costs only or F&A costs only with respect to final cost objectives. No final cost objective shall have allocated to it as a cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included as a direct cost of that or any other final cost objective. Further, no final cost objective shall have allocated to it as a direct cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included in any F&A cost pool to be allocated to that or any other final cost objective.

6.13 Accounting for Unallowable Costs (CAS 9905.505)

Costs expressly unallowable or mutually agreed to be unallowable, including costs mutually agreed to be unallowable directly associated costs, shall be identified and excluded from any billing, claim, application, or proposal applicable to a sponsored agreement.

Costs which specifically become designated as unallowable as a result of a written decision furnished by a Federal official pursuant to sponsored agreement disputes procedures shall be identified if included in or used in the computation of any billing, claim, or proposal applicable to a sponsored agreement. This identification requirement applies also to any costs incurred for the same purpose under like circumstances as the costs specifically identified as unallowable under either this or the above paragraph.

All unallowable costs covered by the above paragraphs shall be subject to the same cost accounting principles governing cost allowability as allowable costs.
6.14 Cost Accounting Period (CAS 9905.506)

Chapman University shall use their fiscal year as their cost accounting period, except that:

- Costs of a F&A function which exists for only a part of a cost accounting period may be allocated to cost objectives of that same part of the period on the basis of data for that part of the cost accounting period if the cost is:
  1. material in amount, accumulated in a separate F&A cost pool or expense pool, and
  2. allocated on the basis of an appropriate direct measure of the activity or
  3. output of the function during that part of the period.

- An annual period other than the fiscal year may, upon mutual agreement with the Federal Government, be used as the cost accounting period if the use of such period is an established practice of Chapman University and is consistently used for managing and controlling revenues and disbursements, and appropriate accruals, deferrals or other adjustments are made with respect to such annual periods.
- A transitional cost accounting period other than a year shall be used whenever a change of fiscal year occurs.

Chapman University shall follow consistent practices in the selection of the cost accounting period or periods in which any types of expense and any types of adjustments to expense (including prior-period adjustments) are accumulated and allocated.

6.15 Disclosure Statement

When Chapman University receives aggregate sponsored agreements totaling $50 million or more during our most recent completed fiscal year shall disclose cost accounting practices by filing a Disclosure Statement (DS-2). Until such time, this section shall remain reserved.

6.16 Direct Costs

Direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Identification with the sponsored work rather than the nature of the goods and services involved is the determining factor in distinguishing direct from F&A costs of sponsored agreements, such as salaries and wages, fringe benefits, equipment, supplies, consultants, sub-awards, and other direct costs. Typical costs charged directly to a sponsored agreement are:
• the compensation of employees for performance of work under the sponsored agreement, including related fringe benefit costs to the extent they are consistently treated, in like circumstances, by Chapman University as direct rather than F&A costs;
• the costs of materials consumed or expended in the performance of the work;
• and other items of expense incurred for the sponsored agreement, including extraordinary utility consumption.

The cost of materials supplied from stock or services rendered by specialized facilities or other Chapman University service operations may be included as direct costs of sponsored agreements, provided such items are consistently treated, in like circumstances, by Chapman University as direct rather than F&A costs, and are charged under a recognized method of computing actual costs, and conform to generally accepted cost accounting practices consistently followed by Chapman University.

6.17 F&A Costs

F&A costs are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.

• **Facilities** is defined as depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses.

• **Administration** is defined as general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, and all other types of expenditures not listed specifically under one of the sub-categories of Facilities.

• **Depreciation and use allowances** are the portion of the costs of Chapman University buildings, capital improvements to land and buildings, and equipment.

• **Operation and maintenance expenses** are those expenses that have been incurred for the administration, supervision, operation, maintenance, preservation, and protection of Chapman University. They include expenses normally incurred for such items as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; environmental safety; hazardous waste disposal; property, liability and all other insurance relating to property; space and capital leasing; facility planning and management; and, central receiving.

• **General administration and general expenses** are those expenses that have been incurred for the general executive and administrative offices of Chapman University and other expense of a general character which do not relate solely to any major function of Chapman University; i.e., solely to instruction, organized research, or other sponsored and institutional activities, excluding costs of student administration and services, student activities, student aid, and scholarships.
• **Departmental administration expenses** are those expenses that have been incurred for administrative and supporting services that benefit common or joint departmental activities or objectives in academic dean's offices, academic departments and divisions, and organized research units and will be computed as 20 percent of the salaries and expense of deans and heads of departments.

• **Library expenses** are those expenses that have been incurred for the operation of the library, including the cost of books and library materials purchased for the library, less any items of library income that qualify as applicable credits. This category should also include the fringe benefits applicable to the salaries and wages included therein, an appropriate share of general administration and general expense, operation and maintenance expense, and depreciation and use allowances.

Under Title 2 CFR 200, Chapman University has entered into a predetermined rate agreement with its cognizant granting agency, US Department of Health and Human services. This agreement uses a Modified Total Direct Cost method to allocate Indirect Costs (F&A) as well as fringe benefits.

The following rates are in effect through May 31, 2021 for all new grants awarded:

a. **Indirect Costs**
   i. On Campus 38.0%
   ii. Off Campus 13.5%

b. **Fringe Benefits**
   i. All Locations 27.4%

### 6.18 Allowable and Unallowable Costs

See [Guidelines for Direct Charges](#)