Procurement Services

Buying Manual
A Supplement to University Policy 3.25, Procurement of Goods and Services

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Introduction

Cornell University’s Board of Trustees delegates significant procurement authority for the acquisition of goods and services from external sources on the university’s behalf. Authority for the purchase of most goods and services at the university is ultimately delegated to Procurement and Payment Services. University Policy 3.25, Procurement of Goods and Services, provides overarching guidelines for procurement and directs readers to this manual for specific details.

The processes and procedures documented in this Buying Manual have been developed to ensure responsible stewardship of university funds and are based on sound business practices, best value, accountability, and compliance with donor, sponsor and regulatory requirements.

Procurement and Payment Services is committed to providing a high level of service and to achieving best value for use of university funds. We provide procurement tools and consult with end-users, units, financial transaction centers, and business service centers to help them succeed. If Procurement and Payment Services is involved early enough in a project, we can help you gain substantial savings.

Mission Statement
Cornell University’s Procurement and Payment Services provides cost-effective procurement services to its customers by listening to their needs and responding in a prompt, courteous, and professional manner.

Vision Statement
To create an environment that:
- Allows employees to provide excellent service
- Ensures that customers receive extraordinary value
- Utilizes best practices and acts as a role model for others

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Getting Started

Getting Started
There are three main categories of information in this Buying Manual:
1. Topics of interest to all individuals initiating a transaction on behalf of the university
2. Transactions that do not require a purchase order
3. Transactions that require a purchase order

We recommend that everyone read the General Information section, which covers topics for every person at Cornell who initiates transactions. Included in this section is the topic Requirements for Vendor Selection and Order Creation, which outlines the requirements for placing orders through Cornell’s e-procurement tool (e.g., e-SHOP) and for utilizing preferred suppliers.

If you are initiating a purchase where authority for review and approval of that good or service has been delegated to a specialized unit (for example, a real estate transaction) or for tangible goods that do not require a purchase order or for travel, see Paying for Goods and Services that Do Not Requiring a Purchase Order. This section includes information on non-purchase order payment methods that may be utilized (e.g., procurement card, direct payment by check or electronic equivalent method, and payment options for business travel).

If you determine that a purchase order is necessary, refer to The Purchase Order Process, which describe the types of purchase orders available, the requirements for bidding, and additional requirements that apply to certain goods, services, and sources of funds. Please also note the section on Purchases with Special Procedures, which include certain sensitive goods and services and orders that are funded by New York State appropriated funds.

The section on Procurement Programs is also of interest to everyone because it explains the areas in which Procurement Services has proactively developed progressive programs. These include commitments to supplier diversity and programs that support the university’s goals in environmental sustainability.

Recommended Steps
1. Please ensure that your intended purchase is an allowable business expense for which University funds may be expended under University Policy 3.14, Business Expenses.
2. Determine if the good or service that you want to purchase is covered by a preferred or contract supplier agreement.
3. If Procurement and Payment Services has negotiated an agreement with a supplier for the good or service (commodity) that you are purchasing, then you should purchase that commodity from the preferred supplier. Otherwise, you are encouraged to shop for best price and consider the discounts available from contract suppliers. Please refer to the supplier utilization hierarchy in Section 102.
4. Determine the appropriate procurement method. To assist you in making the determination, refer to the Procurement Decision flowchart in Section 200.
   a. If the supplier is available in e-SHOP, then begin your requisition in e-SHOP as it simplifies the data entry and ensures you receive Cornell’s discounted pricing.
   b. If the vendor is not available in e-SHOP, then you must determine whether the purchase is eligible for payment via pcard or disbursement voucher (DV). Please reference prohibited pcard transactions (Section 302) and direct payment via DV (Section 203).
   c. If not eligible for purchase via pcard or DV, then you must use a purchase order (PO).
      i. If the good or service that you wish to purchase is not covered by a preferred or contract supplier agreement, then utilize the Find a Supplier search feature in Spend Viz to determine if an existing supplier provides the commodity.
      ii. If a supplier is not available in KFS, then you may request a new supplier.
4. In situations where a preferred supplier agreement does not exist and the purchase amount exceeds the formal bid limit of $25,000, a vendor is selected through competitive bidding, unless an appropriate
justification and an alternative method of selection are specifically authorized by a Procurement Agent (refer to Section 400).

Authorized Business Expense

Prior to reviewing this manual, please ensure that your intended purchase is an allowable business expense for which University funds may be expended. University Policy 3.14, Business Expenses, provides guidelines for identifying expenses that may be charged to various University accounts and ensuring compliance with federal, state, and local regulations while supporting the University’s missions of education, research and public service. Prior to initiating a transaction, review University Policy 3.14.

If you have questions related to whether or not your intended purchase is allowable, contact your unit business manager or business service center prior to initiating the purchase.
Legal and Ethical Conduct

Purpose:

It is the policy of Cornell to comply with all laws governing its operation and to conduct its affairs in keeping with the highest moral, legal and ethical standards.

Compliance with the law (including anti-bribery and antitrust laws and other applicable regulatory law) means not only following the law but so conducting Cornell business that Cornell will deserve and receive recognition as a good and law-abiding citizen, alert to its responsibilities in all areas of good citizenship. Even where the law does not apply, applicable standards of ethics and morality relate to our activities and require the same diligence and attention to good conduct and citizenship.

Illegal and unethical practices include engaging in price fixing arrangements; bid rigging acts; agreements with competitors to divide or allocate markets or customers; falsifying of accounting records; intentional misrepresentations to the University’s auditors; bribery; illegal kickbacks; or illegal political contributions.

Conflict of Interest:

Loyalty and the practice of good business ethics are a part of the obligation of employees to their employer. One aspect of this is the requirement that an employee refrain from engaging in personal activities which injure or take advantage of the University. Employees are prohibited from using their position at the university to realize a personal profit.

Conflict of interest is most likely to occur when the Cornell employee is employed for personal gain by another firm, directly or as a consultant; has a direct financial interest in another firm; has an immediate family financial interest in another firm; or is a director or officer of another firm.

In order to avoid conflict of interest, any business enterprise in which a Cornell employee has significant proprietary interest or control must receive approval from the University Controller in the Division of Financial Affairs in advance of establishing a business relationship with the University.

Full disclosure of the background surrounding a real or potential conflict should be made in writing to the University Controller in the Division of Financial Affairs prior to making the commitment or initiating the activity which poses a possible conflict.

For additional information please see University Policy 4.6, Standards of Ethical Conduct.

Gifts:

Mutual respect between supplier and buyer has always been and always will be an important factor in business. It is to be encouraged between two parties where it can be of advantage to both. There is nothing questionable or unethical in lunching with a supplier, either to give the salesperson a better opportunity to present his or her case or to cultivate a business relationship, provided the employee accepts such intentions as they would from any other person and keep themselves free from obligation. Employees must not become obligated to any supplier and shall not participate in any transaction in which they may personally benefit. No gifts, beyond those of
an advertising nature and insignificant value, generally distributed to all potential customers, may be accepted by any Cornell employee.

Gifts received which are unacceptable according to this policy shall be returned to the donors.

**Entertainment:**
Cornell employees shall not accept purely social entertainment offered or sponsored by suppliers. Entertainment is not construed to mean an occasional business meal or a function where Cornell stands to benefit from the supplier association.

**Code of Ethics:**
All individuals initiating transactions on behalf of the university have requirements relating to their interaction with, and selection of, vendors. Employees must be careful not to become obligated to any supplier and must not participate in any transaction in which they may personally benefit. See paragraph above on gifts. Personal purchases that utilize the university’s discount or sales tax exemption are not allowed. (Note: Some vendors offer discounts to Cornell employees for personal purchases. See [https://www.hr.cornell.edu/benefits/perks.html](https://www.hr.cornell.edu/benefits/perks.html) for a complete list.) All individuals initiating transactions on behalf of the university will review and comply with the “Legal and Ethical Conduct” section of this Manual, and with the National Association of Educational Procurement Code of Ethics which is in University Policy 3.25, Procurement of Goods and Services, Appendix E.

**Purchases / Rebates / Free Merchandise:**
If a vendor offers free merchandise or a rebate with purchase, that merchandise or rebate is the property of Cornell University. Rebates will be returned to the account that was utilized to pay for the purchase. Free merchandise will be turned over to the unit’s director/department head for appropriate distribution (e.g., departmental use, drawing for all faculty/staff, charitable donation).

**University Purchases for Employees**

Agents in Procurement and Payment Services (Procurement) and other agents of the university are not permitted to make personal purchases for employees. An enterprise has been established for the sole purpose of acting as a distributor for the specified equipment or material for resale to individuals, e.g., Technology Connection, a division of Cornell Business Services. In cases where agents in Procurement have negotiated contracts with suppliers that include employee discounts for personal purchases, these purchases are to be made by the individual employee with personal funds. For a complete listing of discounts available to the community, please visit the [HR Web site for Benefits / Perks](https://www.hr.cornell.edu/benefits/perks.html).
Requirements for Vendor Selection and Order Creation

Authority for the review and approval for most purchases at the university is the responsibility of Procurement and Payment Services (Procurement). Exceptions are discussed later in this document.

One of the services that Procurement provides for the campus is the negotiation of supplier agreements – both preferred and contract. University Policy 3.25, Procurement of Goods and Services, states “In many cases, suppliers are preselected based on campus input, screened, and negotiations have already been conducted, resulting in preferred supplier agreements. Where such agreements exist, units must procure goods and services from these preferred suppliers regardless of dollar amount or procurement method.”

What does this policy mean for the units?
First, determine if the good or service that you want to purchase is covered by a preferred or contract supplier agreement.

Second, refer to the supplier utilization hierarchy below to aid you in selecting a supplier.
- If Procurement has negotiated a preferred supplier agreement with a supplier for the commodity (good or service) that you are purchasing, then you must purchase that commodity from the preferred supplier.
- You are encouraged to review the discounted pricing available from contract suppliers, but are not required to use the contract supplier.
- For items that are not covered by preferred or contract supplier agreements and for purchases below the $25,000 bid limit, you are encouraged to shop with local or diverse suppliers and to review the suppliers in e-SHOP as part of your comparison shopping.

<table>
<thead>
<tr>
<th>Supplier Type</th>
<th>Definition</th>
<th>Unit Spending Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred suppliers</td>
<td>A supplier with whom Procurement Services has negotiated and/or implemented a university-wide agreement and that Procurement Services endorses as the “best overall value” in providing products, services, delivery, and customer service. These suppliers have participated in a competitive bid and negotiation process, were selected because they meet criteria established by commodity teams comprising campus users. Where agreements with a specific supplier exist for a good or service (commodity), units must procure those goods and services from these preferred suppliers.</td>
<td>80%</td>
</tr>
<tr>
<td>Contract suppliers</td>
<td>A supplier who has participated in a competitive bid process and agreed to Cornell’s terms and conditions. We encourage you to use these contracts to take advantage of price discounts.</td>
<td></td>
</tr>
<tr>
<td>Local suppliers</td>
<td>A business located in Tompkins County or adjacent counties.</td>
<td>20%</td>
</tr>
<tr>
<td>Diverse suppliers</td>
<td>Any business concern that is at least 51 percent owned by a woman, minority, veteran, or LGBTQ, who are U.S. citizens and whose</td>
<td></td>
</tr>
</tbody>
</table>
Third, determine the appropriate procurement method. If the supplier is available in e-SHOP, then begin your requisition in e-SHOP as it simplifies the data entry and ensures you receive the discounted pricing. If the vendor is not available in e-SHOP, then you must determine whether the purchase is eligible for payment via pcard or disbursement voucher (DV). If not eligible for purchase via pcard or DV, then you must use a purchase order (PO). To assist you in making the determination, refer to the Procurement Decision flowchart in Section 200. Please reference prohibited pcard transactions (Section 302) and direct payment via DV (Section 203).

In situations where a preferred supplier agreement does not exist and the purchase amount exceeds the formal bid limit of $25,000, a vendor is selected through competitive bidding, unless an appropriate justification and an alternative method of selection are specifically authorized by a Procurement Agent (refer to Section 400).

**Relationships with Vendors**

The highest standards of business ethics and conduct should be applied by all Cornell employees to relations with suppliers. When making decisions affecting suppliers, employees shall not obligate either themselves or the university to a supplier. In conducting business with suppliers, employees are also expected to act fairly and objectively and in the best interests of the university. Fairness to suppliers is promoted by the following means:

- By giving all salespersons a fair, prompt and courteous hearing on any subject that is justified by the nature of their products or services.
- By keeping competition open and fair.
- By discouraging revisions of bids after submission and insisting on receiving the best price initially and holding the bidder to it.
- By keeping buying specifications fair and clear and not including impractical or unnecessary specifications.
- By showing consideration for the suppliers’ difficulties and cooperating with them to the fullest extent possible.
- By not soliciting quotes from potential supplier unless we are willing to use that supplier should the offer be acceptable in quality, price, delivery terms and service. Qualifications of a supplier will be determined before a quotation.
- By not bargaining with suppliers. Ensure that each bidder’s quoted price is compared with other bids submitted under the same conditions.
- By keeping prices confidential and not divulging those prices to competitors.

In cases when the appropriate Procurement Agent is not already providing the communication interface with suppliers, employees should consult with Procurement if questions arise relative to these guidelines.
Paying for Goods and Services that Do Not Require a Purchase Order

Introduction to Non-PO Payment Methods

The University has authorized specific procurement applications or tools that do not require a purchase order, these include Business Service Center (BSC) procurement card (pcard), regular pcard, disbursement voucher, and department charge (see sections 202 and 203).

A purchase order is not required when:

- Payment is allowed on a pcard (see section 302)
- Payment is allowed on a Disbursement Voucher (see section 203)
- Procurement and Payment Services (Procurement) has delegated the authority for review to a specific unit; for example, the acquisition of library books has been delegated to the University Libraries. In these instances, Procurement has a Memorandum of Understanding in place with these units. See Appendix B of University Policy 3.25, Procurement of Goods and Services, for a complete list of those units with delegated authority for specific goods or services.
- A unit offers a “department charge” for internal sales, whereby the selling unit processes an electronic journal voucher.
- The Board of Trustees has delegated the authority for review and approval of specialized transactions to another central unit. That unit will determine the most appropriate method of procurement. See Section 201 of this manual for details on these specialized transactions.
- Personal payment by an employee, with request for reimbursement, is made for travel expenses or hosted business meals.

NOTE: There is a flowchart available to assist you in determining which payment method to utilize, see next page.
Prior to reviewing this flowchart, you must:
1. Consult University Policy 3.14, Business Expenses to ensure that your intended purchase is Cornell allowable
2. If you are paying with sponsored funds, ensure that your intended purchase is allowed by the sponsor.

Is your purchase a specialized service, as listed in Buying Manual Section 201?
- YES
  - See Section 201, which will direct you to a specific office within the University.
- NO

Is your payment eligible for processing via DV as described in Buying Manual Section 203?
- YES
  - After reviewing Section 203 for any additional instructions, process your payment through KFS via DV.
- NO

Are you paying for business travel?
- YES
  - See Section 204 and refer to University Policy 3.2, Travel Expenses.
- NO

Is your good or service available through e-SHOP?
- YES
  - Purchase through e-SHOP. See Section 403 for more information on e-SHOP.
- NO

Is your purchase eligible for payment by pcard? See Section 302 for a list of transactions prohibited on pcard.
- YES
  - Pay with procurement card. For purchases above your transaction limit, contact your BSC.
- NO

Is your purchase a service (not covered by one of the questions above)?
- YES
  - See Section 700, Paying for Services for further instructions.
- NO

Your intended purchase requires a purchase order. See Section 400, The Purchase Order Process, and consult your BSC.
Eligible for Direct Payment with Approval of Authorized Unit

The review and approval of certain Specialized Services has been delegated by the Board of Trustees to specific units at the university, based on that unit’s specialized knowledge of the service. These payments may be made directly by disbursement voucher (i.e., check, ACH, or wire transfer); however, approval from the unit with delegated authority must accompany any request for payment. Payments can be made at dollar levels greater than the formal bid limit of $25,000. See University Policy 4.2, Transaction Authority and Payment Approval, for information on the necessary approvals based on dollar levels.

Caution: The procurement of these specialized services may require a contract. Whether the services shall require a purchase order and/or a unique contract is at the discretion of the unit listed in parentheses. For additional information on contracts, see the Paying for Services, section 700 of this manual.

- Architectural & Engineering Services (requires approval of Contracts and Capital Projects)
- Audit and Tax related services (requires approval of the University Audit Office)
- Benefits & Employment services (requires approval of the Division of Human Resources)
- Construction Contracts (requires the approval of Contracts and Capital Projects)
- Energy and energy related financial instruments (requires approval of Utilities and Energy Management)
- Insurance (requires the approval of Risk Management & Insurance)
- Investments (requires the approval of the University Investments Office)
- Legal services (requires the approval of the Office of the University Counsel)
- Real estate (requires approval of the Real Estate Department)
- Sponsored Programs – Subcontracts (requires the approval of the Office of Sponsored Programs)
- Treasury services/Debt/Banking (requires the approval of the Office of the Treasurer)

Note: For information on requesting your payment by check, or equivalent electronic method, see “Disbursement Voucher” at the end of section 203 of this manual.
Procurement Card

A procurement card (also known as a pcard) is a credit card issued by a financial institution to an organization to make business-related purchases from vendors. The card is issued in an employee’s name and may be used for certain low-dollar, business-related purchases, when the item is not available through e-SHOP. There are per transaction and monthly dollar limits on the cards, as well as certain goods and services that are prohibited from payment by pcard. Since the pcard is a university liability, the bill is paid centrally by Cornell for all balances; no purchase order or reimbursement process is necessary.

In general, to be eligible for payment by pcard, a purchase must:

- Be an allowable business expense, based on University Policy 3.14, Business Expenses
- Be within the cardholder’s per-transaction and monthly limit
- NOT appear on the list of Prohibited Transactions (see section 302)

Procurement card holders should consult the Procurement Card section of this manual to review their responsibilities and the specific goods and services that are prohibited from payment by pcard. In the event that your intended purchases exceeds your per transaction limit, or you do not hold a procurement card, consult your Business Service Center.

◆ Note: The terms and conditions associated with a purchase order provide certain legal protection to the university and therefore, there may be instances where the unit or Business Service Center chooses to request a purchase order rather than utilizing a procurement card.
Payment by Disbursement Voucher

Eligible for Direct Payment via Disbursement Voucher

Procurement and Payment Services (Procurement) has exempted the payment types described in this section from the issuance of a purchase order. No contract is necessary unless specifically stated. Since these payment types are generally not available through e-SHOP and procurement card is often not an option, payment by check or equivalent electronic method may be requested via the Disbursement Voucher. A Business Service Center may request these payments (via DV) at dollar levels greater than the formal bid limit of $25,000. See University Policy 4.2, Transaction Authority and Payment Approval, for information on the necessary approvals based on dollar level.

*Note:* For information on requesting your payment by check, or equivalent electronic method, see Disbursement Voucher (DV) at the end of this section.

- **Advertisement** – *a paid announcement in newspapers or magazines, on radio or television, etc.; a public notice.* Generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, the DV may be used to generate this payment. See University Policy 4.10, Use of Cornell’s Name, Logos, Trademarks, and Insignias for definitive guidelines for advertising campus services in all forms of public-facing print, digital and physical media. Permission to advertise in local outside media, whose audience is not exclusively on campus, must come from the Division of University Relations (licensing@cornell.edu). Formal paid advertising is permitted for events of an athletic or cultural nature that have a primary appeal to the university community and secondary appeal to the general community, e.g., musical presentations, concerts, athletic events, exhibitions, films, lectures, etc.

- **Ambulance services** - generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, the DV may be used to generate this payment.

- **Athletic event official** – requesting the payment for the official via the DV is acceptable even if the athletic event official is an employee. The Service Provider Evaluation is not necessary as an athletic event official is always an independent contractor.

- **Award** - *something that is bestowed generally for excellence, whether or not based on an open competition.* Payments to employees must be processed through Payroll. See Payment to Students below.

- **Donations** – *any voluntary contribution of cash or property to any organization outside of the university, regardless of the sources of funds.* All donations with a value of $500 or more must be approved by The Office of Community Relations and the approval must be attached to the DV. Use object code 6390 for contributions from Cornell to an outside entity. Use object code 6420 for payments in lieu of flowers.
- **Dues for Memberships and Professional Organizations** - generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, the DV may be used to generate this payment.

- **Entertainment Events held at major, public places such as Bailey Hall or Statler Auditorium** – consult the Office of University Counsel regarding a contract and attach that contract to your DV. It is also recommended that you include the engagement letter and major concert addendum. The Service Provider Evaluation described in Section 700 is not needed.

- **Food for Resale** – *food that is acquired for purposes of resale on campus*, by units that do not have a Spend Delegation agreement with Procurement, e.g., Temple of Zeus, The Green Dragon, may be paid via DV.

- **Freight Bills** - generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, the DV may be used to generate this payment. Payment must be made within fifteen (15) days per Federal Interstate Commerce Commission/Department of Transportation regulations.

- **Gift** – *something given as a present*. **Caution**: See [University Policy 3.14, Business Expenses](#), for additional information, particularly related to expenses that benefit faculty, staff or students. The IRS classifies almost all “gifts” to employees as taxable wages. Contact [tax@cornell.edu](mailto:tax@cornell.edu) prior to making any gift to an employee.

- **Guest Lecturer (Speaker) Fee** - *an agreed upon fee for the services of an individual who is providing minimal supplementation (e.g., one lecture in a semester long course) to the primary instructor in a class or workshop, regardless of whether the course awards academic credit or not*. The speaker must present an invoice; compensation for the service may be paid via DV. When a request is made to “reimburse” the speaker’s travel, that reimbursement will be processed on a separate DV. Guest lecturer fees paid to employees, or individuals who have been an employee at any time in the same calendar year, must be processed through Payroll. **Caution**: The term “guest lecturer” does not include adjunct instructors or individuals providing significant or continuous instruction for a class/workshop; these individuals are considered employees and must be paid through Payroll.

- **Honoraria** – *payment(s) made in appreciation, primarily intended to confer distinction or to symbolize respect, which is not required by agreement, and not a fee charged by the recipient*. If the unit has agreed to pay for the travel of an individual receiving an honoraria, the travel may be paid directly (see [Section 307](#) for details regarding BSC direct payment of travel) or may be processed as a reimbursement. The travel must be charged to a Federal Unallowable object code. Honoraria payments to employees must be processed through Payroll.

- **Human Participant Fees (i.e., fees for research subjects, survey participants)** - *payment to a participant in a study conducted by a Cornell faculty, staff or student* (not
considered a payment for services). These payments may be made to employees via DV; payment through Payroll system is not required. See The Office of Research Integrity and Assurance at www.irb.cornell.edu for further details on conducting research involving human participants. See University Policy 3.21, Advances for information on the use of a cash advance for these payments.

- **Liquor for Resale** – alcohol that is acquired for purposes of resale on campus may be paid via DV as New York State law requires that the payment be made within 10 days of the sale.

- **Magazines, Periodical Subscriptions, Books** - generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, DV may be used to generate this payment.

- **Postage and Express mail** - generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, DV may be used to generate this payment.

- **Petty Cash Replenishment** – Submission of receipts to replenish the minimal amount of cash kept on hand by a unit to pay for small expenditure items ($25 and under) where use of a pcard is impractical. See University Policy 3.21, Advances, for further details.

- **Performer without Equipment** – Individual(s) who performs for entertainment at a public event, includes disc jockey, clown, small band with instruments only, comedians, musicians with instruments only, mimes, etc. Must have a signed Performer without Equipment Contract, which includes indemnification in lieu of certificate of insurance. The contract is available on the Procurement Services website at http://www.dfa.cornell.edu/procurement/tools-forms/forms/contracts.

  ✷ **Note:** Use object code 6615 for payments.

- **Permit/License** – Building projects often require permission from the city of Ithaca (e.g., fences, retaining walls, site work, tent permit, sign application, etc.) Additionally, permits/licenses may be required when goods are being sold at an event and for special events (e.g., noise, assembly or parade, street closures, use of city property, alcohol, vending).

- **Post-Doctoral Fellowship** - payments made to a Post Doc fellow, generally supported by NRSA or similar training grants. ✷ **Caution:** Most payments to post-docs are classified as wages and will be paid through payroll. The unit cannot elect to make a payment to a post doc in this manner; the sponsor or external party supporting the post doc determines the treatment of the payment.

  ✷ **Note:** For clarification purposes, please note the following methods of payment:
  - Post Docs (other than those supported by training grants or external fellowships, as described above): Pay through payroll using the title “Post Doc Associate”
  - Graduate stipends for assistantships or payments for other services: Pay through payroll
  - Graduate scholarship/fellowship (where no services required): Process as financial aid through PeopleSoft Financial Aid application
- Graduate students, other payments: Process as financial aid through PeopleSoft Financial Aid application
- Undergraduate students: Process as financial aid through PeopleSoft Financial Aid application
- Payments to post docs, graduate and undergraduate students not described above: Contact tax@cornell.edu for instructions.

- **Prize** - something that is awarded in a contest or won by chance.

- **Public Utilities** – (e.g., NYSEG) *(Note: Internet services are not considered a public utility and are not eligible for DV payment.)*

- **Refunds** - *Return of monies previously paid to Cornell* (i.e., overpayment of a parking ticket, conference cancellation)

- **Reimbursement** – *Returning the cost of a business expense that was incurred personally* *(Note: The reimbursement method is to be utilized for travel and business meals, and not the procurement of goods and services. Incidental goods purchased during travel may be reimbursed along with the traveler's normal transportation, lodging, and meals in accordance with University Policy 3.2, Travel Expenses.)*

- **Restaurants** – *direct payment for business meals, not catered or hosted events.* Generally paid by procurement card or the Travel and Meal Card when amount is under the formal bid limit; when pcard or T&M card is not an option, DV may be used to generate this payment. *(Caution: When a meal is being provided for a group in a restaurant or other facility where the establishment is reserved only for Cornell and its guests, and not open to the general public, the event will require the issuance of a purchase order.)*

- **Royalties, Permission Fees, Commissions** - *Fees paid for use of a right (e.g., publish or reprint a photo or an article, use a play script or musical for a stage performance, use of a musical composition).* Requesting the payment via DV is acceptable even if the payee is an employee. The Service Provider Evaluation described in Section 700 is not needed. The unit requesting this type of payment should have a written agreement with the payee. Attach the agreement to the DV. *(Caution: Paying a service provider to create a work of art (e.g., take a photo, write a play, compose music) is compensation for services and requires a purchase order and contract. For individuals performing a play or piece of music, see Performers without Equipment above.)*

- **Seminar and Convention Registration fee** - generally paid by procurement card when amount is under the formal bid limit; when pcard is not an option, DV may be used to generate this payment.

- **Taxes**

- **Temporary employment agencies**
• **Translator – deaf or foreign language** - Requesting the payment via DV is acceptable even if the service provider is an employee. Use the Service Provider Contract for Deaf or Foreign Language Translation and attach it to the DV. The Service Provider Evaluation is not necessary because translators are always independent contractors.

• **Writers, Editors, Indexers of scholarly publication, book, or Cornell magazine** – Requesting the payment via DV is acceptable. Use the Service Provider Contract for Writing, Editing, Indexing. The Service Provider evaluation is not necessary because the contract contains a service provider attestation.

When a unit agrees to reimburse the travel expenses of an individual who is also receiving another payment type listed above, two separate payments will be made. The payment type listed above (e.g., guest lecture fee, honoraria) is recorded on the DV as a “Direct Payment”, while the travel expense portion is processed as “Reimbursement for Expenses.”

Direct any questions on tax and withholding to the Tax Manager in the Division of Financial Affairs at tax@cornell.edu.

**Payment by Disbursement Voucher**

**Disbursement Voucher: Direct Payment by Check or Other Equivalent Electronic Methods**

For those goods and services eligible for direct payment, the payment will be requested using the KFS Disbursement Voucher. Please refer to the Financial Transaction SOP: Financial Processing, Disbursement Vouchers.

**Requesting a New Vendor**

If the vendor that you are paying is not already in the system, see Section 205 Vendor Setup.

**Payments to Employees**

An individual who is currently an employee, or who has been an employee in the current calendar year, will be paid for services through Payroll unless the description of the payment type above specifically notes that requesting the payment via DV is acceptable even when the service provider is an employee. Direct questions to the Tax Manager in the Division of Financial Affairs at tax@cornell.edu.

**Payments to Students**

Students who are receiving prizes or awards should be set up as DV vendors. If the award is to be a surprise, then the FTC/BSC may temporarily set the student up as a Refund and Reimbursement vendor with the following information:

- Description field – include the word “Surprise”
- Explanation field – include “surprise award or prize” and the student’s NetID
- Remit address – enter the address where the check should be mailed

Procurement will switch the vendor type from Refund & Reimbursement to DV. If a W-8BEN is not provided for foreign students, tax withholding of up to 30% of the award amount
may apply. For questions on tax withholding for foreign students, contact the Tax office at tax@cornell.edu. See also Buying Manual Section 205, Vendor Setup.

**NOTE:** Information on commonly used small service providers, who require a purchase order, can be found in section 702. These services include: entertainers, DJ’s, massage therapists, clowns, henna body painters, writers, editors, videographers, and web designers.
Payment Options for Business Travel

All Cornell business travelers are required to comply with university policies, including but not limited to University Policy 3.2, Travel Expenses and University Policy 3.14, Business Expenses. Travelers should familiarize themselves with these policies before planning and commencing travel for the university.

Cornell employees whose job requires them to travel are eligible to apply for a Corporate Travel Card. This is a personal liability credit card with no annual fee. For more information on the benefits of the corporate travel card, and the application process, please review Section 350, Corporate Travel Cards Introduction and Section 351, Corporate Travel Cards Responsibilities.

Employees who travel on university business may be eligible to obtain a university cash advance. See University Policy 3.21, Advances, for further details.

Reimbursement

Cornell business travelers generally pay their travel expenses personally, using their corporate travel card or other personal funds. Upon return from travel, documentation to support the traveler’s expenses is submitted, followed by reimbursement from the university. The reimbursement method is to be utilized for travel and business meals and not the procurement of goods and services.

To streamline the payment of business travel expenses and reduce the instances where an advance is required, the University will pay directly for certain travel expenses. See below for a summary of payment options for travel-related expenses.

Payment Options

- Airfare – Direct payment to an authorized travel agency is allowed for Cornell faculty, staff, and students, as well as official visitors/guests of the university. See the Travel Portal at travel.cornell.edu for links to authorized travel agencies and further details about making reservations. The authorized travel agency will generate an invoice for airfare and the traveler’s BSC will create a Disbursement Voucher to request payment. Groups of three or more employees and visitors/guests have additional payment options; contact your BSC to discuss.

- Bus, campus to campus - Transportation between Ithaca and the New York City campus (Weill Cornell Medical College) can be reserved and directly billed to a university account through the Transportation and Mail Services web pages see www.c2cbus.com.

- Bus, chartered – Buses chartered for groups require proof of insurance and may require a contract and must not be paid for by an individual traveler; contact your BSC.

- Bus/Amtrak, individual – Direct billing is not available for individual employee travelers for bus or Amtrak transportation. For groups of three or more or for visitors/guests of the university, contact your BSC.

- Conference registration fees – these should generally be charged to a procurement card.

- Lodging – Direct billing for lodging is available for a limited number of hotels, primarily in Ithaca and New York City. See the Travel Portal at travel.cornell.edu for the most up-to-date listing of hotels. For groups of three or more or for visitors/guests of the university, contact your BSC to discuss.

- Rental Cars – No method of direct billing is available for rental cars.
Vendor Setup Procedures for FTC/BSC Staff

Step 1. Determine if the vendor is registered with Cornell
Conduct Vendor Search:
There are several search tools available to help you identify a potential supplier for goods and services.
1. e-SHOP – Cornell’s one-stop, Web-based “shopping cart” for ordering a full range of goods and services from preferred, contract, diverse, and local suppliers. It is integrated with Cornell's financial system, and routes orders to approvers and financial transaction and business service centers for payment.
2. Vendor Inquiry – Available in Spend Viz on the web for anyone with a Cornell NetID. Similar to the KFS Vendor Search, this tool allows you to search by name or vendor number.
3. Find a Supplier – Available in Spend Viz on the web for anyone with a Cornell NetID. Use the key word search or commodity code search to identify existing suppliers (already set up in KFS) who have provided the commodity. You may refine your search to identify preferred/contract, e-SHOP, diverse, or New York State certified MWBE suppliers.
4. KFS Vendor Search – To make a payment – refund, reimbursement, petty cash, or disbursement voucher – to a company or an individual, please search the Kuali Financial System (KFS) vendor database before requesting that a new vendor be setup.
5. Procurement Wizard – On the Procurement Gateway, the Wizard is a step-by-step tool designed to help you determine if the good or service is available from a preferred or contract supplier and how to place your order, and make your payment.

If a supplier is not available in KFS, then you may request a new supplier. Please be sure to provide as much information as possible about the supplier (e.g., vendor name, complete address, telephone, fax, and e-mail) on the KFS Requisition (REQS) or I Want Doc.

KFS Search Tips:

When searching the KFS vendor database, use the asterisk wildcard (*) before and after the keyword. Also, you should enter less information in the search field, then add additional information to refine your search results. For example, if you are looking for The Cornell Store, begin by searching for "Cornell". You will see nearly 200 search results using this keyword search, so you can refine your search by entering “Cornell Store” in the vendor name search field.
In addition, if you search for an individual, begin by searching for the last name only, e.g. *smith*. To limit your results for an individual, change your search to *smith, john*.

All purchase orders vendors are registered by Procurement Services. Requests for new purchase order vendors are made on the requisition (REQS). Procurement Services will contact the vendor. All disbursement voucher vendors are invited to register by the Business Service Centers using our automated vendor registration tool.

Step 2. Determine if vendor is classified as domestic or foreign
To receive payments from Cornell, vendors must be set up in the KFS vendor database. There are several ways to accomplish this depending on the type payment being made, as well as the vendor’s status as domestic or foreign. The vendor should be able to tell you if he/she/it is domestic or foreign based on the criteria below.

To Determine Domestic or Foreign Vendor Status:
For federal tax purposes, a payee is considered to be a domestic payee if he/she/it meets any of the following criteria:

- An individual who is a U.S. citizen or U.S. resident alien (green card holder)
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States
- An estate (other than a foreign estate)
- A domestic trust (as defined in Regulations section 301.7701-7)

If the payee does not meet any of the above criteria, then he/she/it is considered a foreign payee.

Step 3. Determine vendor payment type
The vendor type is determined by the type of payment(s) being made to the vendor. Please refer to the chart below:

<table>
<thead>
<tr>
<th>Vendor Type Code</th>
<th>Vendor Type Description</th>
<th>Use this vendor type for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>DV</td>
<td>Disbursement Voucher Vendor</td>
<td>Taxable, reportable payments, or those payments covered by delegated spend as prescribed in sections 201 &amp; 203 of the Buying Manual</td>
</tr>
<tr>
<td>RV</td>
<td>Refund &amp; Reimbursements Only</td>
<td>Refunds and out-of-pocket reimbursements; do not use this vendor type if you anticipate making a future DV payment, e.g., an honorarium or speaker fee</td>
</tr>
<tr>
<td>RF</td>
<td>Petty Cash Custodian</td>
<td>Those staff members who are responsible for handling petty cash drawers</td>
</tr>
<tr>
<td>SP</td>
<td>Special Payments</td>
<td>The University Tax Office has designated this vendor type for the following entities only: federal, state, local, or foreign governments; vendors with “Tax Collector” in their name; K-12 public schools; and foreign embassies</td>
</tr>
<tr>
<td>PO</td>
<td>Purchase Order</td>
<td>The purchase of all goods and services</td>
</tr>
</tbody>
</table>
If you need to change a vendor’s type, e.g., SP to DV, please contact Procurement and Payment Services (Procurement) to find out what is required to make the change.

Please remember, if Buying Manual section 201 or 203 state that permission from another unit is required, attach the supporting documentation to the I Want Doc or vendor setup request.

### Step 4. Determine setup method and IRS Form requirements

Procurement has delegated responsibility to the business services centers (BSC) for the process of entering new vendors into KFS for payment. There are several ways to set up vendors depending on vendor type and domestic or foreign status.

<table>
<thead>
<tr>
<th>Vendor Type</th>
<th>Domestic</th>
<th>Foreign</th>
<th>Paper W-9/W-8 Required?</th>
<th>Additional Info</th>
</tr>
</thead>
<tbody>
<tr>
<td>DV</td>
<td>Automated Vendor Form (includes W-9 information and does not require a paper submission)</td>
<td>Manual process***</td>
<td>Yes***</td>
<td>KFS requires a tax identification number (i.e., social security or federal employer identification number) to create a new domestic vendor. This is a system requirement.</td>
</tr>
<tr>
<td>RV</td>
<td>Manual process</td>
<td>Manual process</td>
<td>No</td>
<td>Documentation of name and address should be attached to the submission for verification.</td>
</tr>
<tr>
<td>RF</td>
<td>Manual process</td>
<td>Manual process</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>SP</td>
<td>Manual process</td>
<td>Manual process</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>PO</td>
<td>Request on requisition – Procurement will use AVF to set up vendor</td>
<td>Request on requisition – Procurement will use manual process to set up vendor</td>
<td>Yes***</td>
<td>KFS requires a tax identification number (i.e., social security or federal employer identification number) to create a new domestic vendor. This is a system requirement.</td>
</tr>
</tbody>
</table>

*** If a foreign vendor is set-up in KFS without an IRS Form W-8, the University Tax Office is required by IRS regulations to withhold 30% from payments to the vendor/payee.

### Step 5. Request IRS Forms as required in table above

Please attach the completed form to the appropriate vendor e-doc. **Do not e-mail W-9 or W-8 forms.**

**Sensitive Data Storage and Transmission:**

When requesting a W-9 or W-8 from a vendor or payee, the only secure means of transmission are via secure FAX machine (see below), drop box, or US mail. Do not ask a payee to e-mail a completed copy of...
a W-9 or W-8 as this is not a secure method of transmission.

For security reasons, the scanned W-9 or W-8 forms must be deleted from your hard drive after they have been attached to the vendor e-doc. Paper copies of the W-9 or W-8 forms should be shredded when no longer needed.

**A “secure FAX machine”, as defined by the CIT Security Office, is as follows:**

*During business hours, the FAX machine must be in a location where it is accessible only to authorized departmental personnel. (That is, visitors to the office cannot walk up to it, and there are no issues with people in the office seeing the material that is being transmitted.) Off-hours and whenever no one is in the office, the FAX machine has to be in a physically secure (locked) environment.*

**Compliance with IRS requirements**

**IRS Form W-9 for Domestic Payees:**

According to IRS regulations, Cornell University must obtain a payee’s correct taxpayer identification number and legal name as it appears on his/her/its federal income tax return to report taxable, reportable payments made to vendors and individuals. IRS Form W-9 must be obtained from any vendor that is an individual who is a United States citizen or resident alien or a business entity organized in the United States.

IRS Form W-9 are available at [www.irs.gov](http://www.irs.gov) and on the Procurement Services website at **For Suppliers → Doing Business with Cornell → Supplier Information Form.**

**IRS Form W-8 for Foreign Payees:**

The IRS forms for foreign payees can be found at [www.irs.gov](http://www.irs.gov) and on the Procurement Services website at **For Suppliers → Doing Business with Cornell → Supplier Information Form. All versions of IRS Form W-8 expire three years after being signed.**

**Which version of the W-8 is required?**

- IRS Form W-8BEN must be obtained from a foreign individual
- IRS Form W8BEN-E must be obtained from a foreign business entity (corporation)
- IRS Form W-8EXP must be obtained from a foreign non-profit or foreign government organization
- IRS Form W-8IMY must be obtained from a foreign partnership
- IRS Form W-8ECI must be obtained from a foreign person who claims his/her income is effectively connected with the conduct of trade or business in the US

Questions on foreign status, tax or withholding shall be directed to the Tax Manager in the Division of Financial Affairs at tax@cornell.edu.

**Step 6. Vendor Setup Processes by vendor type**

**Domestic Vendors**

1. **DV – Disbursement Voucher Vendors**
   a. Using the AVF, the FTC/BSC staff member should generate an email invitation to the vendor so the vendor may complete the automated vendor registration process
   b. The vendor should follow the instructions in the email invitation and complete the AVF
   c. The information contained in the AVF will route to Procurement for approval
   d. Upon approval by Procurement, an email notification will be sent to the vendor and the BSC
requestor with the new vendor number. (Note: Neither the unit nor the BSC should request a W-9 from the vendor unless instructed to do so by Procurement.)
e. If the vendor does not have internet access, then the BSC may use the manual process to set up the vendor

2. RV – Refund & Reimbursement Vendors
   a. The BSC staff member will manually enter the vendor’s information in the KFS vendor e-doc and submit it for approval. (Note: A W-9 is not required for Refund and Reimbursement vendors; therefore, neither the unit nor the BSC should request a W-9 from the vendor. Documentation of vendor name and address should be attached to the submission.)
   b. Do not code as Foreign as Cornell has no tax reporting responsibilities for the types of transactions authorized for Refund and Reimbursements.
   c. If the vendor is foreign, please add a note to the Notes and Attachments tab indicating the vendor’s foreign status and country of citizenship/incorporation.
   d. If you are processing a travel reimbursement and you suspect that a taxable, reportable payment will be made to the vendor, e.g. a speaker fee, then you should set up the vendor as a DV vendor.
   e. If you are setting up an award or prize for a student that is intended to be a surprise, the student may be temporarily setup as a Refund & Reimbursement Vendor. The BSC must note the following in the KFS record:
      i. Description field – include the word “surprise”
      ii. Explanation field – include “surprise award or prize” and the student’s NetID
      iii. Remit address – enter the address where the check should be mailed

   Procurement will switch the vendor type to DV and approve within 3-5 business days. If a W-8BEN is not provided for foreign students, tax withholding of up to 30% of the award amount may apply.
   f. If the award or prize for the student is not a surprise, then follow the standard DV process described above in number 1.

3. RF – Petty Cash Vendors
   a. The BSC staff member will manually enter the vendor’s information in the KFS vendor e-doc and submit it for approval. (Note: A W-9 is not required for Refund and Reimbursement vendors; therefore, neither the unit nor the BSC should request a W-9 from the vendor.)
   b. The remit address must be a Cornell address.
   c. Address line 1 must include the words Petty Cash along with the name of the unit, e.g., Petty Cash - SAS Business Service Center

4. SP – Special Payments
   a. The BSC staff member will manually enter the vendor’s information in the KFS vendor e-doc and submit it for approval. Tax Office approval for this payment type must be attached to the vendor e-doc. (Note: A W-9 is not required for Special Payment vendors; therefore, neither the unit nor the FTC/BSC should request a W-9 from the vendor.)

5. PO – Purchase Order
   a. The BSC member should include the vendor’s contact information, including email address, in the requisition
   b. When the PO routes to Procurement, a procurement agent or assistant will use the AVF to generate an email invitation to the vendor so the vendor may complete the automated vendor registration process
   c. The vendor should follow the instructions in the email invitation and complete the AVF
The information contained in the AVF will route to the Procurement for approval.

Upon approval by Procurement, an email notification will be sent to the vendor and the procurement agent or assistant with the new vendor number. The agent or assistant will complete the processing of the purchase order.

**Foreign Vendors**

1. **DV – Disbursement Voucher Vendors**
   a. The BSC staff member will request the appropriate version of the W-8 from the vendor. Per IRS regulations, the W-8 submitted must be the latest version that appears on [www.irs.gov](http://www.irs.gov); otherwise, we cannot accept it.
   b. Once the BSC staff member has received the W-8 and determined that it is the current version, legible, a signed and dated by the vendor, then he/she should manually enter the vendor's information in the KFS vendor e-doc, attach a scanned copy of the W-8, and submit the vendor e-doc for approval. The BSC must follow the proper handling procedures for sensitive data as outlined above.
   c. The vendor e-doc will route to Procurement for approval.
   d. Upon approval by Procurement, an FYI will be sent to the BSC staff member indicating the registration process is complete and the new vendor number will be provided.

2. **RV – Refund & Reimbursement Vendors**
   a. The BSC staff member will manually enter the vendor's information in the KFS vendor e-doc and submit it for approval. A W-8 is not required for Refund and Reimbursement vendors; therefore, neither the unit nor the /BSC should request a W-8 from the vendor.
   b. If you are processing a travel reimbursement and you suspect that a taxable, reportable payment will be made to the vendor, e.g., a speaker fee, then set the vendor up as a DV vendor.

3. **RF – Petty Cash Vendors**
   a. Not applicable

4. **PO – Purchase Order**
   a. The BSC member should include the vendor's contact information, including email address, in the requisition.
   b. When the PO routes to Procurement, a procurement agent or assistant will contact the vendor and request that the supplier information form be completed and returned to Procurement.
   c. The procurement agent or assistant will also request the appropriate version of the W-8 from the vendor. Per IRS regulations, the W-8 submitted must be the latest version that appears on [www.irs.gov](http://www.irs.gov); otherwise, we will not be able to accept it.
   d. Once the procurement agent or assistant has received the completed supplier information form and properly completed W-8, he/she will forward the information to the vendor setup team.
   e. Upon approval by the vendor setup team, the procurement agent or assistant will add the new vendor number to the PO and complete the PO review process.

5. **SP – Special Payments authorized by the Tax Manager**
   a. Contact the Tax Office before selecting this payment type. Tax Office approval for this payment type must be attached to the vendor e-doc.
Responsibilities for Vendor Set-up

End Users:
- a. End users should NOT request W-9’s or W-8’s unless requested to do so by the BSC or Procurement. This will only happen if the BSC or Procurement experiences difficulty obtaining the required documentation from the vendor.
- b. Complete the I Want document or follow the process outlined by your BSC. Include all contact information for the vendor you want to use. At a minimum, include the vendor’s email address, fax number and telephone number.

BSC Staff Members:
- a. BSC staff must use the automated vendor form to set-up domestic DV vendors.
- b. BSC staff must not request W-9’s from vendors unless expressly asked to do so by Procurement. This will only happen if Procurement experiences difficulty obtaining the required documentation from a vendor.
- c. BSC staff must use the vendor e-doc, i.e. the manual process, to set up Petty Cash (type RF) vendors or Refund & Reimbursement (type SP) vendors.
- d. BSC staff must use the vendor e-doc, i.e. the manual process, to set up all foreign DV vendors. This includes requesting, reviewing and attaching the correct version of the W-8 to the vendor e-doc. The W-8 must be legible, signed and dated by the vendor.
- e. BSC staff must request domestic PO vendors on the requisition. Include all contact information for the vendor – especially the vendor’s email address.

Procurement Services:
- a. Procurement will use the automated vendor form to set up all domestic PO vendors.
- b. Procurement will use the manual process to set up all foreign PO vendors.
- c. If the requisition does not include sufficient information for Procurement to send the automated vendor form to a domestic vendor, or otherwise contact a foreign vendor, Procurement reserves the right to disapprove the unapproved purchase order.
PCard

Introduction

A procurement card (also known as a “pcard”) is a credit card issued by a financial institution to an organization to make direct purchases from vendors. The card is issued in an employee’s name and may be used for certain low-dollar, business-related purchases, where the good or service is not available through e-SHOP. There are per transaction and monthly dollar limits on the cards, as well as certain good and services that are prohibited from payment by pcard. Since the pcard is a university liability, the bill is paid centrally by Cornell for all balances; no purchase order or reimbursement process is necessary.

All pcard purchases must be for business purposes only and in full compliance with other university policies, particularly University Policy 3.14, Business Expenses. The cardholder is responsible for providing documentation of all purchases on the card and for ensuring that any expense paid by pcard is not otherwise submitted for reimbursement or used for any inappropriate purpose.

A file of pcard transactions is provided by our issuing bank each day. When the transactions in this file are uploaded to Cornell’s financial system (Kuali Financial System or KFS), one email notification is sent to the cardholder for each transaction on his/her pcard. The cardholder will respond to this email within 10 days by selecting a link within the email to access the PCard Receipt Processing System. This system makes it easy for cardholders to submit documentation electronically. Cardholders will upload an electronic version of the receipt and enter the business purpose and account(s) to be charged.

♦ Caution: Failure to use the pcard in compliance with university policy, including the terms outlined in this manual, can result in the suspension or revocation of the pcard and possible disciplinary action. Fraudulent use of the pcard can result in employee termination, expulsion from school (for students), and criminal charges.

♦ Note: The terms and conditions associated with a purchase order provide certain legal protection to the university and therefore, there may be instances where the cardholder chooses to request a purchase order rather than utilizing a pcard. Consult your Business Service Center if you believe a purchase order may be the best method of procurement for your intended purchase.
Eligibility

Only those individuals whose job description supports the need to make frequent business-related purchases are eligible to apply for a procurement card. Cards are generally issued to regular, full-time, staff members; however, all applications are evaluated based on need (e.g., types of goods/services needed, number of potential transactions, other payment options, prior history of pcard use and, in rare instances, the credit worthiness of the applicant.) Details of the application process are provided later in this document.

♦ Cautions:
  • An individual who approves procurement card transactions in KFS (i.e., Fiscal Officer or primary/secondary delegates for PCDO’s) may NOT hold a procurement card because effective internal controls require separation of duties.
  • An individual may be issued only one procurement card per unit served by the same Business Service Center (BSC).
  • Cardholders may not transfer the pcard to a new position. A new position, with different responsibilities and a new supervisor, requires completion of the pcard application process if the use of a pcard is requested.
  • Individuals, who have previously had a write-off on a corporate travel card account, are not eligible to hold a pcard.

Dollar Threshold

A dollar limit applies to each transaction on a pcard, and a monthly limit applies to the total purchases made within one monthly cycle (cycle ends approximately the 15th of each month.) Standard pcard limits are as follows:
  • Regular cardholder:
    o $500 per transaction; $5,000 per month
    o $1,500 per transaction; $10,000 per month (requires SFG/SBG approval)
  • BSC cardholder: $10,000 per transaction; $100,000 per month

A cardholder must never "split" the cost of one single item (whether good or service) into multiple payments in order to circumvent the per transaction limit on the pcard. In addition, cardholders must not make multiple purchases of the same item such that the total combined value of the purchases would require the completion of a bid through Procurement Services (see The Purchase Order Process section of this manual for details on the bid process). If a cardholder needs to make a purchase that is not appropriate for the pcard, he or she will consult the BSC representative or unit purchasing specialist to determine the best procurement method for the purchase.

♦ Notes:
  • Monthly cycle limits may be increased if the level of spending and compliance warrant.
  • Transaction limits may be increased only in rare circumstances when there is a compelling business need and/or in cases where the unit has been delegated spend authority by Procurement and Payment Services. Requests will be made to Credit Card Programs by the cardholder’s/applicant’s BSC Director.
**Prohibited Transactions**

Certain transactions are prohibited on procurement cards because the good or service requires additional review for reasons of tax, insurance, a contract or other regulatory issues. Prohibited transactions may result in suspension or revocation of the procurement card, or other disciplinary action.

♦ **Note:** If paying for services, consult the Purchases with Special Procedures: Paying for Services section of this manual.

<table>
<thead>
<tr>
<th>Animals</th>
<th>Live vertebrates require pre-transaction review per University Policy 1.4, Care and Use of Animals in Teaching and Research. Only individuals employed in a BSC, who record these transactions in the e-Sirius system, may utilize pcard for the payment of animals.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architectural and Engineering Services</td>
<td>In accordance with Cornell policy, authority for these transactions requires the additional review of the University Architect. Only those individuals employed in Contracts and Capital Projects, or their BSC, may execute these transactions via pcard.</td>
</tr>
<tr>
<td>Audit Services</td>
<td>In accordance with Cornell policy, authority for this transaction requires the additional review of the University Auditor. Only those individual employed in the University Audit Office, or their BSC, may execute these transactions via pcard.</td>
</tr>
<tr>
<td>Capital Assets</td>
<td>The purchase of capital assets require recording in the capital assets system per University Policy 3.9, Capital Assets.</td>
</tr>
<tr>
<td>Cash Advances</td>
<td>Cash advances of university funds require pre-transaction review per University Policy 3.2, University Travel.</td>
</tr>
<tr>
<td>Catering</td>
<td>Catering occurs when a vendor prepares, sets up, serves or cleans up food on Cornell controlled property, including both facilities owned by Cornell and facilities that may be rented or leased and only under Cornell’s control for the period of the event, i.e., rented banquet facility. Catering should not be confused with simple food delivery where no service is provided on site, i.e., pizza delivery. Catering may not be paid via individual pcard unless the caterer has signed a University Contract. To determine if your caterer has signed a University Contract, see the “Caterer and Restaurant List” on the Procurement website and check the “Contract Caterers and Restaurants” section. For amounts above your pcard limit or for caterers who have not signed a University Contract, see your BSC for payment and deposit options and contract requirements.</td>
</tr>
<tr>
<td>Cloud Services</td>
<td>When a vendor stores university data, i.e., provides cloud services, that service requires a contract that must be reviewed and approved by Procurement and Payment Services and a purchase order must be issued. Payment for cloud services may not be paid via pcard. See Section 618 of this manual for further details on procuring cloud services.</td>
</tr>
</tbody>
</table>
### Conflict of Interest, Vendor
- Purchases from vendors where a potential conflict of interest exists require pre-transaction review, per [University Policy 4.14, Conflicts of Interest and Commitment](#).

### Cornell Unallowable Goods/Services
- Purchases identified as Cornell unallowable in [University Policy 3.14, Business Expenses](#), are not allowed, regardless of the source of funds or mode of payment.

### Deposits/Partial Payments
- Do not make partial payments where the total value of the purchase exceeds your procurement card transaction limit.

### Donations
- Any voluntary contribution of cash or property to any organization outside of the university, regardless of source of funds. All donations over $500 require pre-approval by University Relations. Donations may not be paid via pcard; see Section 203 for details on initiating these payments via disbursement voucher.

### Employees
- Per IRS tax guidelines, you may not pay:
  1. A current employee via pcard
  2. An individual who has been employed by Cornell at any time in the current calendar year via pcard

### e-SHOP Vendors
- Do not use your pcard to purchase from a vendor that is available in e-SHOP.

### Gifts Cards/Certificates
- Gifts cards and/or certificates are generally classified as taxable income by the IRS and may not be purchased with a procurement card. Contact your BSC for guidance.

### Insurance
- You may not pay for insurance premiums, co-payments, deductibles, or services with your procurement card. For information on purchasing insurance, please contact Risk Management and Insurance. Only those individual employed in Risk Management and Insurance, or their BSC, may execute these transactions via pcard.

### Investment Services
- In accordance with Cornell policy, authority for these transactions requires the additional review of the university's Investment Office. Only those individual employed in the University Investments Office, or their BSC, may execute these transactions via pcard.

### Legal Services
- In accordance with Cornell policy, authority for these transactions requires the additional review of the Office of University's Counsel. Only those individual employed in the Office of the University Counsel, or their BSC, may execute these transactions via pcard.

### Medical Services
- Due to tax reporting requirements, medical services (i.e., physician, surgeon, ophthalmologist, etc.) may not be paid via pcard.
<table>
<thead>
<tr>
<th>Non-Preferred Suppliers</th>
<th>Do not use the pcard to purchase goods and services from a non-Preferred Supplier, where the good or service is available from a Preferred Supplier.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Expenses</td>
<td>Do not purchase any good or service that is primarily for personal use. Use of this card for personal expenses is governed by <a href="#">University Policy 3.6, Financial Irregularities</a>. Using the card in this manner with the intention of reimbursing Cornell is NOT an acceptable practice. <strong>Caution:</strong> Many items lend themselves to personal use, such as magazines and newspaper subscriptions. It is the cardholder's responsibility to provide documentation to support that the purchase of an item that lends itself to personal use is essential to fulfilling his or her job responsibilities.</td>
</tr>
<tr>
<td>Pest Control</td>
<td>These services must be coordinated with the customer service center in the Department of Facilities Management, due to the potential use of pesticides. Contact your local building coordinator. Only those individual employed in the Department of Facilities Management, or their BSC, may execute these transactions via pcard.</td>
</tr>
<tr>
<td>Radioactive Materials</td>
<td>Environmental Health &amp; Safety must approve all requests for radioactive materials prior to an order being placed with a vendor. See the &quot;Radiation Safety Manual&quot; for further information on purchasing radioactive material.</td>
</tr>
<tr>
<td>Real Estate Services,</td>
<td>In accordance with Cornell policy, authority for these transactions requires the additional review of the university's Real Estate Office. Only those individual employed in the Real Estate Department, or their BSC, may execute these transactions via pcard.</td>
</tr>
<tr>
<td>Purchase, Rental, etc.</td>
<td></td>
</tr>
<tr>
<td>Security Systems,</td>
<td>Building security systems must be coordinated through the Cornell Police, and must not be purchased with a procurement card.</td>
</tr>
<tr>
<td>Building</td>
<td></td>
</tr>
</tbody>
</table>
| Services Performed on  | Nearly all services, regardless of where they are performed, require both a contract and verification that the vendor meets the university’s insurance requirements. **Therefore, pcard holders may not pay for services being performed on university owned or controlled property**, except those services that are being performed by a vendor who has signed a university contract and whose services are not already specifically prohibited.  

Contracted vendors performing the services listed above may be found on Procurement Services’ web site at [http://www.dfa.cornell.edu/procurement/supplierlistview](http://www.dfa.cornell.edu/procurement/supplierlistview).

**Contact your BSC to discuss the appropriate payment for any other service PRIOR to engaging the service provider.** |
| University Property    |                                                                                                                                                                                                |
### Software Licenses

A license for the use of software is a contract and, therefore, must be reviewed by Procurement and Payment Services. A purchase order will be issued for the purchase; payment may not be made via pcard. See section 618 of this manual for further details on procuring software licenses.

### Software Purchases

Cornell’s Information Technology Security Office (ITSO) requires that certain purchases of software have a technology risk assessment performed prior to the purchase, regardless of dollar amount. Therefore, software purchases requiring a technology risk assessment may not be made via pcard (or any form of payment) unless approval is first obtained from ITSO. The approval must be submitted as part of the pcard documentation. For details on which software purchases require the assessment, see [https://it.cornell.edu/technology-risk-assessment](https://it.cornell.edu/technology-risk-assessment). Additional details may also be found in section 618 of this manual.

### Travel-Related Expenses

Any travel-related purchase or rental is prohibited (e.g., hotel, motel, airline, train, bus, taxi, limousine, or cruise fare; vehicle or boat rental; gasoline; road tolls of any kind; travel agency purchase; parking lot fees). Certain travel-related merchants have been blocked from accepting procurement cards.

**Note:**
1. Conference registration fees may be charged to your procurement card if the fee does not exceed your transaction limit.
2. Special exceptions have been granted to BSCs. If you are planning a group or visitor travel, contact your BSC.

### Travel Meals

You may not charge meals to your procurement card while you are traveling for the university if that travel includes an overnight stay.

### Vehicle Rental

The rental of any type of car, truck (including moving truck), van, bus, or limousine is prohibited on pcard. This includes both rentals while in travel status and locally.
Documentation Requirements

Documenting Procurement Card Transactions
Cornell requires procurement card holders to submit documentation of all purchases on their procurement card within 10 days of receiving an email notification from the PCard Receipt Processing System. Sufficient documentary evidence is necessary in order to comply with university policies, sound business practices, and the requirements of external and internal reviewers. Sufficient documentary evidence includes an original receipt (see number 1 below) and an explanation of business purpose (see number 2 below.)

1. An “original” receipt is based on what a particular vendor generally provides as proof of purchase, for example: cash register tape, detailed packing slip, copy of an order form (for registrations, applications, subscription, etc.), web receipt or email acknowledgement from vendor, etc. Receipts should include description of item(s) purchased, vendor name, date, quantity, unit price, and total cost. If any relevant information is not included on the receipt, the cardholder will include the missing details within the Business Purpose section of the PCard Receipt Submission screen (see “Electronic Submission of Documentation” at the end of this section).

Note: Third-party billing companies such as PayPal generally do not include detailed information about the item(s) purchased. The cardholder should, in cases such as this, provide a copy of the web page that identifies the item(s) purchased and the web receipt from the third-party billing company.

In cases where the original receipt is not immediately available, the cardholder will create a document containing the following: an explanation as to why the original receipt is not available, details about the transaction including a description of item(s) purchased, vendor’s name, date of purchase, quantity, unit price, total cost, account(s) to charge and, as described below, a description of the business purpose. The cardholder will submit this document, in lieu of the receipt, utilizing the PCard Receipt Processing System.

2. An explanation of the business purpose of the item(s) purchased should include specific information about why the purchase occurred (i.e., lab supplies for study of honey bees). For the payment of business meals, the business purpose must include a list of the attendees.

Caution: The business purpose must be written in terms that would be clear to an external reviewer, especially in cases where the item could lend itself to personal use (e.g., CDs, videos, meals, and so forth).

Notes:
- Credits issued to a procurement card require an explanation from the cardholder, to ensure that the procurement card coordinator can apply the credit to the same account as the original debit.
- Some vendors provide only an estimate of shipping charges when goods are ordered and, therefore, the amount listed on a receipt will sometimes vary from the amount actually charged to the pcard.
- Some vendors mistakenly send pcard receipts to the central university address that is used for accounts payable invoices, rather than to the cardholder, which can account for a cardholder never receiving a receipt.
Electronic Submission of Documentation

A file of pcard transactions is provided by our issuing bank each day. When the transactions in this file are uploaded to Cornell's financial system (Kuali Financial System or KFS), one email notification is sent to the cardholder for each transaction on his/her pcard. The cardholder will respond to this email within 10 days by selecting a link within the email to access the PCard Receipt Processing System. This system makes it easy for cardholders to submit documentation electronically. Cardholders will upload an electronic version of the receipt and enter the business purpose and account(s) to be charged.

The cardholder's submission of electronic documentation creates a record in ImageNow. The pcard coordinator in the BSC will access the electronic documentation through the ImageNow BSC workflow queue. Coordinators use the images and other information submitted by the cardholder to review the PCDO in KFS. After reviewing the ImageNow record, updating (as necessary) and approving the PCDO, the coordinator routes forward the ImageNow record. A batch process runs each night that matches up the forwarded ImageNow records to the appropriate PCDO and attaches the electronic documentation to the PCDO.
Special Topics

Accounts with Additional Restrictions
There are restrictions on the types of accounts that may incur pcard charges or be used as a default account:

- Accounts that cannot incur procurement card charges
  - State appropriation construction accounts (Sub fund PLSUCF)
  - Receivable accounts (Object codes with object type AS.; accounts with sub fund BALSHT; invested funds IN)
- Accounts that may not be default accounts
  - State appropriation accounts (Sub fund APSTAT)
  - Agency accounts (Sub fund EXTORG, external organizations which were formerly Agency accounts)
- Accounts where procurement card charges may not “auto release”
  - State appropriations (Sub fund APSTAT)
  - Federal appropriations (Sub fund APFEDL)
  - Any grant or contract account (Fund CG)

◆ Note: The purchaser must comply with all sponsor and other requirements on restricted accounts. The purchaser must not charge federal unallowable expenses or costs generally considered indirect, such as office supplies, to sponsors.

Inactive PCards
An unused and potentially unmonitored credit card account creates the opportunity for fraudulent use by unauthorized parties; therefore, BSC Directors should close any pcard not used at least 12 times in any one year. To facilitate the closure of low use pcards, each January the Office of Credit Card Programs will supply BSC Directors with a prior year report of transaction totals by cardholder. It is the responsibility of each BSC Director to review this information with Unit Managers, notify cardholders whose accounts are to be closed, and then request that the Office of Credit Card Programs close the selected accounts. The BSC may also choose to review and close infrequently used accounts that have been opened for less than 12 months.

Outside Compliance Reviews
The Office of Credit Card Programs, Disbursement Quality Assurance, the University Audit Office, or other auditing agencies will periodically review procurement card transactions. Based upon these reviews, cards may be suspended or permanently revoked, or other disciplinary action may be taken.

◆ Note: Any financial penalties associated with external audits by regulatory agencies are the responsibility of the unit. These penalties may be greater than the amount of the transaction because auditors extrapolate results based on their sample testing.

Internal Sales (Cornell Vendors)
If your unit accepts procurement cards for internal sales, those sales must be recorded on your credit card sales deposit as interdepartmental revenue. This entry into the general ledger is performed automatically by Cash Management if an internal merchant account has been established. For more information, contact Cash Management and see University Policy 3.17, Accepting Credit Cards to Conduct University Business.
Procedures

Applying for a Procurement Card
Individuals who believe they are eligible for a procurement card should contact their supervisor, who may, in turn, contact the Business Service Center (BSC) for an application. The application form requires the recommendation of the supervisor, unit manager (or chair), and the BSC Director. All applications for pcards with a limit greater than $500 require the approval of the appropriate SFG/SBG member. The Office of Credit Card Programs reviews all materials and, if an initial approval is granted, will contact the prospective applicant (via email) with final instructions on completing the application process.

Notes:
- All applicants are required to complete an online tutorial on pcard policy, pass a quiz based on the tutorial, and sign a Cardholder Agreement, before being issued a pcard.
- Cardholders are encouraged to complete a tutorial on the PCard Receipt Processing System, or at a minimum, review the written instructions.
- An individual may receive only one pcard per unit served by the same BSC.
- Cardholders may NOT transfer a pcard to a new position. A new position, with different responsibilities and a new supervisor, requires completion of the pcard application process if the use of a pcard is requested.

Procurement cards are sent via US Mail, by the issuing bank, to the address provided on the application. Replacement cards will be automatically mailed to that same address no later than seven days before the card’s expiration date.

Dispute Process - Correcting Erroneous Charges on the PCard
If a cardholder authorizes a vendor to charge his or her pcard, and the resulting charge is incorrect, the cardholder should first contact the vendor and attempt to resolve the error. Some examples of common “errors” are: incorrect dollar amount, duplicate charge, credit not received. If the error is not resolved by contacting the vendor, the cardholder will complete a Charge Dispute Form (see the “Forms” section of the pcard web pages at http://www.dfa.cornell.edu/procurement/buyers/credit-cards/procurement-card/forms.) The form must be completed and faxed to the financial institution within 60 days of the statement date on which the error appeared. The financial institution must acknowledge the “Charge Dispute Form” within 30 days of receipt of the form. Within 90 days of receipt of the form, the financial institution will correct the error or provide an explanation as to why the charge is correct.

Caution: If the cardholder has not authorized a vendor to charge the pcard, then the cardholder must assume that an unauthorized party has obtained his or her pcard number, and must contact the financial institution immediately. The pcard account will be shut down and a new plastic, with a new account number, will be mailed to the cardholder. The financial institution may also request that the cardholder complete an additional form (mailed to them by the financial institution) confirming the fraudulent use of the pcard.

Lost or Stolen PCards
If a pcard is lost or stolen, the cardholder must contact the financial institution immediately to ensure that fraudulent use of the pcard does not occur. The financial institution will shut down the pcard account and will mail a new plastic, with a new account number, to the cardholder.

Cardholders Change of Status
If a cardholder is on any type of university leave that extends beyond 30 days or is for an unknown duration, that individual’s pcard must be suspended. The individual’s supervisor will
inform the BSC of the date that the cardholder’s leave will start or as soon thereafter as possible. Suspending the pcard will prevent unauthorized use of the account during a time when the cardholder is not available to dispute the charge. See Account Closures and Other Changes to Procurement Cards for further details on suspending an account.

**Purchases Rejected by Vendors**
If a purchase is declined at the point of sale, the cardholder may call the financial institution or his/her procurement card coordinator to obtain the reason. If a card is accidentally destroyed or is damaged and cannot be used, the cardholder will contact the financial institution to request a replacement card.

**Account Closures and Other Changes to Procurement Cards**
Procurement card coordinators will utilize the financial institution’s online system to change default accounts and mailing addresses. For account suspensions, account closures, name changes, or any other change of the pcard account, procurement card coordinators will complete an online Credit Card Update form, found at [https://www.dfa.cornell.edu/procurement/buyers/credit-cards/procurement-card/forms](https://www.dfa.cornell.edu/procurement/buyers/credit-cards/procurement-card/forms).

♦ **Note:** When a procurement card is lost or stolen, and the financial institution subsequently issues a new plastic with a new account number, a Credit Card Update form does not need to be submitted. (See “Lost or Stolen PCards” above.)

**Expanding Procurement Cards**
A pcard near its expiration date will automatically be replaced by the financial institution, no later than 7 days prior to the end of the month in which the card expires. If a replacement for the expiring pcard is not received, and it is within 7 days of the end of the month in which the card will expire, the cardholder will contact the financial institution.
Policy Violations

University Policy 3.25, Procurement of Goods and Services, and its appendix, this Buying Manual, provide guidelines that are designed to ensure sound business practices and full compliance with other university policies, as well as various external requirements, such as IRS regulations, federal OMB circulars, etc. Procurement card usage must be monitored to ensure that violations of university policy are detected and handled in such a way as to deter future violations. This section of the Buying Manual will provide a course of action in response to a policy violation and identify the party responsible for any follow-up action.

1. Failure to Submit Documentation

One of the most significant problems related to the use of pcards is the failure to provide documentation to substantiate a transaction. Without adequate supporting documentation, the Business Service Center (BSC) cannot be sure which account or object code to select. Credit Card Programs can identify pcard transactions (PCDOs) in the Kuali Financial System (KFS) that do not have an attachment and are therefore, assumed to have had no supporting documentation provided to the university. To reduce this behavior, Credit Card Programs will suspend all pcards held by an individual who has a pcard transaction in KFS age to 30 days or greater, with no attachment. The process is as follows:

- A report is run daily to identify any PCDO that was created in KFS 31 days prior
- Credit Card Programs will email the cardholder alerting them to the suspension and the necessary follow up actions, generally within two business days, with a copy going to his/her BSC Director.
- Cardholders will provide the documentation, or a reasonable explanation (see below), to their BSC, who will in turn attach the supporting documentation to the PCDO.
- After the steps above have been completed, the BSC Director may request reinstatement of the pcard at his/her discretion.

*Caution:* If a cardholder receives a third suspension in any 12 months for failure to submit documentation, as described above, Credit Card Programs will consult with the cardholder’s Senior Finance Group or Senior Business Group (SFG/SBG) member who will determine whether the card is to be revoked or to be reinstated after all documentation requirements have been met.

*Note:* As described in Documentation Requirements, when an original receipt is not available, the cardholder must provide a written explanation as to why the original receipt is not available, details about the transaction including a description of the item(s) purchased, vendor’s name, date of purchase, quantity, unit price, total cost, account(s) to be charged and a description of business purpose.

Other Types of Policy Violations

Other types of policy violations are most easily identified by the pcard coordinator in the BSC. Should the pcard coordinator determine that a pcard transaction represents a violation of policy, he/she will report this violation to the BSC Director, who is responsible for evaluating the violation based on the information provided in this Buying Manual. Requests to suspend or reinstate a pcard will be made to Credit Card Programs.
2. **Lending or Sharing of a pcard**
   Any instance of lending or sharing a pcard should result in a minimum 60 day suspension of the card. This is a significant violation as knowingly sharing a card or card number will negatively impact the cardholder’s ability to dispute charges and identify fraudulent transactions.

Other factors that may lead to suspension of your pcard include, but are not limited to the following:

3. **Performance of a prohibited transaction (see section 302, Prohibited Transactions)**

4. **Splitting a Transaction**
   The cost of a single item (whether good or service) must not be split into multiple payments in order to circumvent the per transaction limit on the pcard.

5. **Exceeding the PCard Transaction and/or Cycle Limit**
   Merchants can (and do) force through transactions without verification of a card's limits. Take into consideration whether or not the cardholder should have been aware that an order would total more than his/her per transaction limit. It is also a violation when multiple purchases of the same items are made such that the total combined value of the purchases would require completion of a bid through Procurement and Payment Services.

6. **Late submission of documentation**
   Submitting documentation more than 10 days after the transaction will generally cause the automatic release of that charge against the card’s default account. This violation is significant as it creates an expense for the university without supporting documentation. The BSC cannot know which account or object code to select without adequate supporting documentation and therefore, additional work is created when the charge (or credit) must be moved to a different account or object code.

7. **Submitting written explanations for missing, lost, not received receipts, in lieu of originals**
   Submitting a written explanation for missing, lost, not received receipts, in lieu of originals may warrant a suspension if/when the frequency or circumstances do not appear reasonable. Each instance must be evaluated individually.

8. **Accidental personal use of the pcard**

9. **Any other use of the pcard that violates this, or other, university policies.**
   Any violation fitting the title above must be evaluated individually by the BSC Director and may require immediate suspension of the card.

   **Note:** If a cardholder's pcard is revoked for noncompliance with policy, the individual cannot apply for a subsequent card.
Special Considerations for BSC Cardholders

This section describes special permissions that have been granted to the Business Service Center (BSC) procurement cardholders for the payment of: Cornell faculty, staff and student group travel, visitor travel, catering, other event-related expenses, and various services. In order to qualify for a payment (including a deposit) on a BSC pcard, all of the following general conditions must be met, in addition to any specific restrictions listed in each topic below.

General Conditions for all BSC PCard Transactions

- Payments must be made using an BSC pcard; authorization may NOT be extended to a regular card or cardholder, unless specifically stated.
- The BSC will be allowed to pay up to the first $10,000 of the expenses described in this section using an BSC procurement card so long as the necessary contract(s) has been executed (signed/approved) prior to any such payment (including a deposit) being made.
- When the transaction’s total exceeds $10,000, payment of the balance remaining after the deposit is paid via BSC pcard, must be requested via the purchase order process.
- When collection of insurance certificates is required (as listed in each topic below), the insurance must be verified prior to any payment (including a deposit) being made.
- When a transaction is paid for using both a pcard and the PO process, each transaction must contain a reference to the other in order to create an appropriate audit trail. The BSC will record the Procurement Card Doc (PCDO) number found in KFS from the initial pcard payment in the Notes tab of the Purchase Order that was issued for the remaining balance. In addition, the PO number will be recorded in the Notes tab of the PCDO.

Caution: Payments may not be requested via Disbursement Voucher (DV) because this payment method does not advance “administrative ease” for the institution as a whole.

Note: Procurement and Payment Services (Procurement) will assist in the collection of insurance certificates for vendors who do not already have insurance on file (see http://www.dfa.cornell.edu/procurement/buyers/insurance). Notify Procurement far enough in advance of any payment (including a deposit) to allow adequate time to request and receive the required insurance certificates.

Group and Visitor Travel Allowed on a BSC PCard

Outlined below are the limited instances in which an BSC pcard may be used to pay for group and visitor lodging and commercial transportation (i.e., airline, chartered bus, train) up to the first $10,000. All conditions for use outlined below must be met in order for the payment to qualify for the use of an BSC pcard.


Conditions for Use

A. An individual for whom a travel-related payment, as described in items B through G below, is being made must meet one of the following definitions:

1. **Group** – three or more Cornell faculty, staff or students who are traveling together on university business.

   **Caution:** Payment of travel expenses for students are subject to many rules and regulations and must often be processed through Financial Aid. Class trips, conference attendance, or other mission related educational travel may be directly paid from unrestricted department funds only. Travel awards (regardless of sources of funds), travel stipends and payment for travel from funds designated for scholarship **must be processed through the Financial Aid System** (RUSS form). Pay special attention to documenting the business purpose for student travel. Contact the University’s Tax Manager for more information or clarification. Before paying any travel related expense directly on behalf of a student, consult with tax@cornell.edu to verify that it does not need to be processed through Financial Aid.

2. **Visitor** – an individual traveling at the request of a Cornell faculty/staff who is **not** being compensated for services, e.g., individuals interviewing for a position or a guest receiving only an honorarium.

B. **Lodging.** Payment for lodging at a hotel for a Cornell group or visitors may be made via BSC pcard so long as the hotel meets the conditions below. Lodging for individual faculty, staff and students may not be paid via pcard, see **Policy 3.2, University Travel.**

   1. If the hotel requires only a “confirmation/reservation form” that notes just the number of rooms, dates, cost, and cancellation policy, then it is acceptable for the unit to complete and sign this form.

   **Caution:** If the hotel requests completion of a form that has any additional terms and conditions that may be considered a “contract”, then it **must be forwarded to Procurement for approval/signature, prior to any payment (including a deposit) being made. See Conditions for Review of Contracts by Procurement Services below.**

   2. The hotel may not be a Bed and Breakfast establishment nor an Airbnb.

   3. Payment to the hotel may include food and beverages provided by the hotel for the group members (e.g., group dinner at a restaurant within the hotel) as well as minor miscellaneous charges (e.g., internet usage fees). If paying for catering services by the hotel or another vendor or facility rental charges (non-lodging), please read the remainder of this section to ensure that requirements for making any portion of the payment via BSC pcard are met.

C. **Airfare.** Domestic and international travel may be paid via BSC pcard for a group or for visitors.

   1. Individual travel for Cornell faculty, staff, or students may not be paid via pcard.

   **Caution:** **Use of Sponsored Funds requires compliance with the Fly America Act** (see [http://www.dfa.cornell.edu/accounting/topics/sponsoredfinance/training.cfm](http://www.dfa.cornell.edu/accounting/topics/sponsoredfinance/training.cfm)).
D. **Limousine service and taxis.** Limousine and taxi service, e.g., Ithaca Airline Limousine, may be paid via BSC pcard for a group for or for visitors (not for individual faculty, staff, or student); insurance must be on file with Procurement for the limousine or taxi company.

E. **Train.** Train travel for a group or visitors (not for individual faculty, staff, or students) may be paid via BSC pcard.

F. **Bus(es).** Buses may be chartered via BSC pcard for a group (not for individual faculty, staff, or student bus fare) so long as insurance is on file with Procurement for the bus company and the contract (if one is required) has been executed by Procurement prior to any payment (including a deposit) being made. See Conditions for Review and Approval of Contracts by Procurement Services below.

**Notes:**
- The BSC needs to be aware that when a hotel has a credit card on file, there is a risk that other goods/services could be charged to the room such as food, in-room movies, etc. It is the responsibility of the BSC to collect reimbursement from the traveler where appropriate.
- The university hosts a website known as the Travel Portal, which contains links to several travel vendors.
- **University Policy 3.2, Travel Expenses** pertains to the individual business travel of Cornell faculty and staff members, which is initially paid by the individual using a Cornell corporate travel card or other personal credit card, and then reimbursed as appropriate. This policy should not be confused with the special considerations for BSC pcards outlined in this section.

**University Events: Catering and/or Event Space Rental**

Outlined below are the limited instances in which an BSC pcard may be used for payments up to $10,000 for catering, event space rental, and events that include both food and space. All conditions outlined must be met in order for any payment (including a deposit) to be made on an BSC pcard.

**Considerations when Making Payments for Catering and/or Event Space Rental:**

- Catering occurs when a vendor prepares, sets up, serves, or cleans up food on Cornell controlled property, including both facilities owned by Cornell and facilities that may be rented or leased and only under Cornell’s control for the period of the event, i.e., rented banquet hall. Catering should not be confused with simple delivery where no service is provided on site, i.e., pizza delivery.
- BSC Directors have been delegated the authority to execute (sign) contracts and addendums up to $25,000 for catering, event space rental, and events that include both food and space. When the contract total exceeds $25,000, Procurement will execute the contract as part of the purchase order issuance process; therefore, BSC Directors will not sign these contracts.
- When the BSC Director is authorized to execute a contract, it is recommended that the vendor’s insurance certificates be on file. BSCs should request insurance certificates and, when possible, attach the documents to the pcard doc (PCDO) in KFS. Payment via pcard need not be delayed based upon receipt of the insurance documents since Cornell’s standard Catering Contract and Event Addendum contain language on indemnification.
- It is NOT recommended that 100% of the order total be paid in advance; deposits should be limited to 50% of the total.
Catering Only

Less than $10,000:
- The unit will request that the vendor complete Cornell’s standard Caterer Contract, after which the unit will complete their portion of the document and send to the BSC. Lastly, the BSC Director or designee executes (signs) the contract.
- After the signed contract is sent back to the vendor, the BSC may proceed with a deposit up to 50% of the total, not to exceed $5,000.
- The final balance may be made via pcard so long as the total amount, including the deposit, has not exceeded $10,000.

$10,000 or greater:
- The unit will request that the vendor complete Cornell’s standard Caterer Contract, after which the unit will complete their portion of the document and send to the BSC. The BSC Director does not sign this document.
- The BSC will attach the contract to a requisition in KFS and note the amount of the deposit (if any) that is being paid via pcard.
- If any payment is due in less than ten days, please note the due date on the Req. Consider following up with Procurement Services via email, as described below in Conditions for Review and Approval of Contracts by Procurement Services.
- After the purchase order is issued, the BSC may proceed with a deposit up to 50% of the total, not to exceed $10,000. If the final payment is greater than $10,000, then pay via the purchase order.
- After the deposit (if any) is made, the BSC will go back to the purchase order and note the PCDO number. In addition, the purchase order number will be recorded in the Notes field of the PCDO.

Caution: If a caterer provides its own contract, instead of signing Cornell’s standard Caterer Contract, please contact Procurement Services. It is essential that contracts for catering contain language regarding indemnification and it must be determined that the caterer is indeed an independent contractor. Therefore, a procurement agent will need to review the document(s).

Note: If the caterer has signed a University Contract, then that caterer has already agreed to Cornell University’s terms and conditions; therefore, the transaction does not require the Standard Catering Contract and only the details for the event are required (e.g., dates, times, menu, room set-up, number of attendees, etc.). To determine if your caterer has signed a University Contract, see “Caterer and Restaurant List” on Procurement Services website at https://www.dfa.cornell.edu/procurement/buyers/hiring-caterers.

Event Space Rental and Event Space with Catering (same process)
In nearly all cases, vendors supplying event space or event space with catering will present the unit with their own contract. If you encounter a vendor that does provide you with a contract specific to your event, please contact Procurement.

Less than $10,000:
- The unit will request that the vendor complete Cornell’s Addendum for Facility Contract Agreements, after which the unit will complete its portion of the document and send both the
vendor's contract and Event Addendum to the BSC. Lastly, the BSC Director or designee executes (signs) both the vendor contract and Cornell’s Event Addendum.

- **After** the contract and Event Addendum are signed and sent to the vendor, the BSC may proceed with a deposit up to 50% of the total, not to exceed $5,000.
- The final balance may be made via pcard so long as the total amount, including the deposit, has not exceeded $10,000. If the final payment is greater than $10,000, then pay via the purchase order.

**$10,000 or greater:**

- The unit will request that the vendor complete Cornell’s Addendum for Facility Contract Agreements, after which the unit will complete its portion of the document and send both the vendor's contract and the Event Addendum to the BSC. The BSC Director does not sign these documents.
- The BSC will attach the vendor contract and Event Addendum to a requisition in KFS and note the amount of the deposit (if any) that is being paid via pcard.
- If any payment is due in less than ten days, please note the due date on the requisition. Consider following up with Procurement Services via email, as described below in Conditions for Review and Approval of Contracts by Procurement Services.
- **After** the purchase order is issued, the BSC may proceed with a deposit up to 50% of the total, not to exceed $10,000.
- After the deposit (if any) is made, the BSC will go back to the purchase order and note the PCDO number. In addition, the purchase order number will be recorded in the Notes field of the PCDO.

For your convenience, this information is in a chart on the Procurement website at http://www.dfa.cornell.edu/procurement/buyers/hiring-caterers.

Please refer to the following:

- Buying Manual **Section 700, Paying for Services**
- **Standard Caterer Contract** found at https://www.dfa.cornell.edu/procurement/tools/forms/forms/contracts
- **Event Addendum** found at https://www.dfa.cornell.edu/procurement/tools/forms/forms/contracts

**Other Services**

BSCs are routinely requested to pay for services (or deposits on a service) via pcard. This occurs even at low dollar levels since regular cardholders have been restricted to a finite list of services that are considered low risk (see details in **Section 302, PCard Prohibited Transactions**). For these reasons, we are providing below some general information on issues to consider when procuring services.

Most services, regardless of where they are performed, require a contract. Even when the service provider does not require a contract, it is the responsibility of the BSC to evaluate the service being provided to determine if the resources of the university would be best protected by the issuance of a contract. This may be a contract that is specific to the service being provided and/or the standard terms and conditions associated with a purchase order. The BSC should consider the total value of the services, the possible need for a warranty, and risk to property and persons that could create a liability to the
Safeguarding the assets of the university must be the first consideration when engaging a service provider.

**Note:** There are some commonly used service providers that have already signed a university wide contract; see [http://www.dfa.cornell.edu/procurement/supplierlistview](http://www.dfa.cornell.edu/procurement/supplierlistview).

For a service to be eligible for payment up to $10,000 via BSC pcard, all of the following conditions for use must be met.

### Conditions for Use

A. The entity being paid for the service must be a corporation, partnership, LLC or LLP. If you are paying an individual, i.e., not one of the business entities listed, you must refer to Section 700 of this manual and perform the Independent Contractor analysis in order to ensure that you are NOT paying an individual who should be classified as an employee and paid through the payroll system.

**Caution:** You may not pay a current employee via pcard. You may not pay an individual who has been employed by Cornell at any time in the current calendar year via pcard. You may not pay a foreign national for services performed within the United States via pcard.

B. The contract (when needed) must be executed by Procurement prior to any payment (including a deposit) being made. See Conditions for Review and Approval of Contracts by Procurement Services below.

C. The service provider must meet Cornell’s insurance requirements. This rule applies regardless of where the services will be performed. The BSC must check Procurement’s web site to verify that the vendor appears on the list of suppliers that have current, adequate insurance, which can be found at [https://www.dfa.cornell.edu/procurement/buyers/insurance](https://www.dfa.cornell.edu/procurement/buyers/insurance).

### Conditions for Review and Approval of Contracts by Procurement Services

When a contract is necessary, the appropriate Unit representative will review the document and signify review and acceptance of the vendor’s terms by electronically submitting the documents via email, I Want Doc, or Requisition. The BSC representative will review the agreement and attach all contracts to the requisition. Procurement will perform the final review and sign the agreement on behalf of the University.

**Caution:** Do not sign on the signature line as Procurement is required to sign on behalf of the University. In all cases, units will send a contract to their BSC, who will then forward to Procurement as an attachment to a requisition for review and approval.

**Note:** To expedite the process for an event or other service where a deposit must be made within the next ten (10) days, the BSC will initiate a requisition, attaching the vendor’s signed contract and addendum, and then contact Procurement to alert them to the deadline.
Responsibilities

Cardholder

1. Read and understand this policy.

2. Keep your pcard number confidential; lending or sharing the card is not allowed. Keep your card secure (on your person or in a locked file/drawer).

3. Comply with the per-transaction and overall monthly cycle limit on your procurement card.

4. Never "split" the cost of one single item (whether good or service) into multiple payments in order to circumvent the per transaction limit of the pcard.

   *Caution:* Do not make multiple purchases of the same item such that the total combined value of the purchases would require the completion of a bid through Procurement and Payment Services. See “The Purchase Order Process” section of this manual for details on the bid process.

5. Consult your FTC or BSC if you need to make a purchase that is not allowed on pcard, or that exceeds your pcard transaction limit.

6. Purchase only business-related items permitted by [University Policy 3.14, Business Expenses](http://example.com). Do NOT purchase any good or service contained in “Prohibited Transactions”; never use the card for personal expenses.

7. The cardholder is responsible for ensuring that any expense paid by procurement card is not otherwise submitted for reimbursement or used for any inappropriate purpose.

8. Inform the vendor that your purchase is exempt from New York State sales tax. If the vendor will not grant a sales tax exemption, note the vendor's refusal on your receipt.

9. Submit sufficient documentary evidence, including original receipts, account(s) to be charged, and an explanation to support the business purpose of each purchase on your card via the PCard Receipt Processing System. You must redact any sensitive data (e.g., credit card numbers) from the documentation prior to uploading it. Submission of the documentation will occur within ten days of your receipt of the email notification from the PCard Receipt Processing System. See “Documentation Requirements” for further details on documentation.

   *Caution:* The requirement to provide sufficient documentary evidence exists even when you are away from your primary work location, especially in light of increased credit card fraud.

   *Caution:* If the amount charged to your pcard differs from the amount on your receipt, contact the merchant and note the reason for the price difference within the business purpose field of the PCard Receipt Scanning System.

10. Retain all original supporting documentation of purchases (i.e., receipts, packing slips) for all fund types for 60 days from the submission date, then you may discard it. Follow your department procedures for storage location.

11. Review your credit card statement upon receipt and if any errors are identified, follow the procedures outlined in “Dispute Process - Correcting Erroneous Charges on the PCard.”
Note: Credit card statements are issued only if there is activity on the account during the month. These statements are not subject to University Policy 4.7, Retention of University Records, and may be shredded if unit practice permits (supervisors may wish to review and/or retain statements).

12. If you authorize a regular monthly charge to your card, you are responsible for notifying the vendor in the event that your card number changes or your account is closed or suspended.

Caution: Failure to comply with university policy, including all procedures outlined in this manual, will result in the suspension or revocation of your procurement card.

Business Service Center Director

1. Appoint one or more procurement card coordinators (i.e., Fiscal Officer’s delegates for PCDO’s in KFS). This person must have appropriate knowledge of financial, purchasing and accounting policies and be employed directly in your center.

2. Provide procurement card applications to supervisors, as requested. Do not supply applications directly to applicants.

3. Review procurement card applications:
   • to ensure the form is complete
   • for reasonableness of request
   • to determine applicant’s prior history of policy compliance (assuming he or she previously held a pcard in a unit served by your BSC)
   • to recommend the application for approval, OR notify the supervisor and unit chair/business manager that the application has been rejected

Caution: If an applicant formerly held a pcard, there must be compelling evidence that the card is essential for that individual’s job function and that they were compliant with university policies related to procurement cards.

See the Office of Credit Card Programs web pages for further details on the application process.

4. Review the policy violation information provided by your procurement card coordinator(s).

5. Take appropriate action to ensure that violations of this policy result in the suspension or revocation of the procurement card, as described in section 306, Policy Violations.

6. Review with Unit Managers any pcard that has not been used at least 12 times in any one year for possible closure. Notify each cardholder, whose account is to be closed, and then request the Office of Credit Card Programs close the account.

7. Report incidences of possible abuse of procurement card privileges, or the fraudulent use of a procurement card, to the University Audit Office, as required by University Policy 3.6, Financial Irregularities.

Note: Contact the Office of Credit Card Programs, in the Division of Financial Affairs, at any time for guidance on suspensions, revocations, and other issues.
Office of Credit Card Programs

1. Administer change to this manual

2. Provide guidance (BSC Directors, Procurement Card Coordinators, Supervisors, and Cardholders)

3. Provide information and updates to Procurement Card Coordinators as needed

4. Review applications

5. Serve as university contact with financial institution issuing procurement cards

6. Close pcards as requested by BSCs

7. Suspend/revoke procurement cards as necessary based on the results of reviews by Disbursement Quality Assurance, the University Audit Office, other external auditors, and/or the findings of The Office of Credit Card Programs, as described in section 306, Policy Violations

Procurement Card Coordinator

1. Read and understand this manual

2. Complete the procurement card online tutorial. For instructions and a link to the tutorial in CU Learn, please see https://www.dfa.cornell.edu/procurement/buyers/credit-cards/procurement-card/applying

3. Assist, as necessary, with procurement card applications, disputes, and account maintenance

* Caution: Do NOT store credit card numbers.

4. Review each procurement card charge found in your KFS action list to ensure that each charge has sufficient supporting documentation, an appropriate object code, and a documented business purpose that is in compliance with university policy and other restrictions applicable to the account. Each PCDO doc in KFS should, when possible, be reviewed as described and then approved prior to the doc auto-approving in KFS. Utilize the scanned images and other data provided by the cardholder in your ImageNow BSC workflow queue. After approving the PCDO, route forward the ImageNow record in the BSC workflow queue. *Caution: When sales tax is a component of a transaction that is otherwise classified as federal unallowable (e.g., alcohol), it MUST be recorded with a federal unallowable object code and must not be charged to Federal or State appropriations or any grant or contract account (Funds AP and CG.) Sales tax on goods/services that are not classified as federal unallowable does not require a federal unallowable object code.

5. Review “auto approved” pcard charges to ensure that:

- The transaction is placed on the correct account.
- Necessary information (i.e., what was purchased, business purpose, explanation of why original receipt not turned in) is collected via the PCard Receipt Processing System, as described in “Documenting Procurement Card Transactions”.
If the transaction was not performed by the cardholder, direct the cardholder to contact the bank so that the charge may be disputed or reported as fraudulent (see details on disputing a transaction in "Dispute Process – Correcting Erroneous Charges on the PCard" in Section 305).

6. Determine that any credit issued for a procurement card purchase reflects the exact account number(s) charged for the initial purchase.

7. Report to your BSC director any violation of university policy, including this manual. Violations include, but are not limited to: missing documentation, performance of a prohibited transaction, splitting a transaction, lending/sharing of pcard, transactions exceeding the pcard limit, accidental personal use of pcard, late submission of documentation.

8. Close procurement card accounts based upon instructions provided by the cardholder's supervisor, unit human resources representative, or BSC director. Destroy the card immediately. For details on closing an account, see Account Closures and Other Changes to Procurement Cards, in this manual.

9. Report incidences of possible abuse of procurement card privileges, or the fraudulent use of a procurement card, to the University Audit Office, as required by University Policy 3.6, Financial Irregularities.

**Supervisor**

1. Request a procurement card application from your BSC director ONLY for those individuals whose position requires frequent business-related purchases, as outlined in his/her job description.

2. Implement procedures to re-evaluate the need for a procurement card whenever a staff member's job requirements or status changes.

3. When a staff member begins any type of university leaves that extends beyond 30 days, or will be for an unknown duration, request that your BSC suspend the pcard. Upon the staff member's return, the supervisor may request the BSC to re-activate the pcard.

4. Implement procedures to ensure that any expenses charged on a procurement card that would normally seem to be for personal use, such as CDs, videos, meals, and so forth, are based on the cardholder's job requirements.

5. Submit a request to the appropriate procurement card coordinator when an account must be closed due to termination or change of status.

6. Assist the BSC director in suspending or revoking a cardholder's pcard privileges, as requested.
Unit Chair or Business Manager

1. Review procurement card applications to ensure that the applicant has job responsibilities that include frequent business-related purchases

2. Assist the BSC director in suspending or revoking a cardholder’s pcard privileges, as requested

Senior Finance Group or Senior Business Group (SFG/SBG) Member

1. Review section 306, Policy Violations and understand your responsibilities

2. Review the policy violations brought to your attention by the Office of Credit Card Programs and determine whether it is reasonable to revoke or reactivate the card; communicate your decision to the Office of Credit Card Programs
Corporate Travel Cards

Introduction
A corporate travel card is a personal liability charge card that is used for the payment of business-related expenses. The bill is sent directly to the cardholder, and he or she is responsible for remitting payment directly to the financial institution. The card has certain benefits that have been negotiated by the university. For example, there is no annual fee. Please see the Card Highlights Chart for further details.

Although the corporate travel card is a personal liability, the cardholder's agreement with the financial institution requires that purchases and cash advances be for business-related expenses only.

Eligibility
Cornell University faculty or staff members are eligible to apply for a corporate travel card if they meet all of the following criteria:

- His or her position at the university requires business travel at least once per year and/or you regularly host business meals;
- He or she has been authorized to apply for a travel card by your supervisor and your unit's business manager or chair;
- He or she has completed an application and agreed to the financial institution's Cardholder Agreement;
- He or she has not previously held a corporate card with a balance that reached 180 days past due.

Benefits of the Card
The corporate travel card offers several benefits. For example, cash access, no annual fee, rental car insurance, and baggage insurance. The following information outlines the benefits of the card:

- Highlights of the US Bank Travel Card
- Travel Accident Insurance Program (coverage during travel on a common carrier)
- VISA 911 Benefits (Travel and Emergency Assistance and Auto Rental Collision Damage Waiver programs)
- Lost Luggage Insurance

Applying
To apply for a corporate travel card, use the link to the application form below. After the applicant completes his or her portion, the supervisor will sign and attest to the applicant's eligibility. The unit business manager or chair may then approve the form and send it to Credit Card Programs, which will perform a final review and submit it to the financial institution. The applicant will receive the card approximately two weeks from the date that Credit Card Programs receives the application.
The financial institution may refuse to issue a card or limit the amount available for purchases and cash advances, based on their evaluation of the applicant's credit worthiness. In any case, the financial institution will contact the applicant directly.

- Application Form
- US Bank’s Commercial Cardholder Agreement (your agreement with US Bank)
Responsibilities

Paying Your Bill
The corporate travel card is a personal liability, and the cardholder is responsible for paying each monthly statement in full, even when on an extended trip. Payment must post to the account on or before the 15th of each month. Cardholders may complete their payment by mail, telephone, or online. The amount of time it will take for a payment to post will vary based on the payment method.

- Payments sent via US Mail will take several days to post (cardholder statements contain a suggested “mail by” date).
- Online payments require up to 3 business days to post (see “Online Access” below).
- Payments initiated by phone (telepay) will post as follows:
  - Pay before 1 PM EST on a business day and payment will post that same day
  - Pay after 1 PM EST on a business day and payment will post the next business day
  - Pay on a weekend and payment will post on Monday (or the next bank business day)

The requirement to pay a corporate travel card bill on time exists even when the cardholder is on an extended trip. If a corporate travel card bill will be due before the time the cardholder will return from business travel, the cardholder should contact his or her BSC.

Caution: The financial institution will assess late fees to any account that is not paid on time. Late fees will not be reimbursed by the university.

Online Access - Paying and Viewing
You may view your corporate card account and make payments online by registering with US Bank. For instructions, please visit: https://www.dfa.cornell.edu/procurement/buyers/credit-cards/corporate-card/paying.

Bills Not Paid on Time
Balances on your corporate travel card must be paid by the due date on the card, there is no option to pay your balance over time. Listed below are the timeframes for payment and the actions that are taken by the financial institution and Cornell University when a balance is past due.

- **Balance not paid by the due date of the first statement**: After the due date passes, the balance on the account is now 30 days past due. Cornell’s contract with the financial institution waives this first late fee.

- **Balance not paid by the due date of the second statement**: After the due date passes, the balance on the account is now 60 days past due. The account is suspended. The financial institution will assess a 2.5% late fee on the entire past due amount and begin collection efforts.

- **Balance not paid by the due date of the third statement**: After the due date passes, the balance on the account is now 90 days past due. The Office of Credit Card Programs is required to send a courtesy email reminder to the cardholder, copying the supervisor, BSC Director and Senior Finance/Small Business Group member. The financial institution will again assess a 2.5% late fee on the entire past due amount and begin collection efforts.
At 120 – 150 days past due: Late fees continue to accrue at 2.5% of the entire past due balance each cycle. Collection efforts continue.

At 180 days past due: Late fees continue to accrue at 2.5% of the entire past due balance each cycle. US Bank continues collection efforts and will report the debt to the major credit bureaus. **Cornell will incur a penalty equal to the amount of the balance due on the account and this sum will be charged to the cardholder’s unit.** The cardholder is now ineligible for any other card product offered through Cornell University’s Credit Card Programs.

Lost or Stolen Cards
If your card is lost or stolen, contact the financial institution **immediately**, so that the account can be shut down. A new card, with a new account number, will be mailed to you.

Cards Not in Use
The financial institution will close any corporate travel card account not used within a 24-month period.

Unit Liability
As described in “Bills Not Paid on Time,” if any portion of a corporate travel card holder’s balance reaches 180 days past due, the university incurs a penalty equal to the balance due on the account. The cardholder’s unit will be responsible for this fee and Credit Card Programs will contact the unit’s BSC to arrange for the transfer of the funds to a central account.

If the university is held liable for charge(s) to a corporate travel card incurred after a cardholder is no longer in the service of the University, the unit that employed the cardholder will be responsible for paying those charges. It is, therefore, essential that the unit requests closure of the corporate travel card account when an employee terminates his or her service to the University.
### Terminating Employment or Transferring Within the University

<table>
<thead>
<tr>
<th>Event</th>
<th>Cardholder</th>
<th>Current Unit Business Manager</th>
<th>New Unit Business Manager</th>
<th>Office of Credit Card Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardholder no longer eligible (i.e., change of responsibilities)</td>
<td>Pay your corporate travel card bill in full.</td>
<td>Contact the Office of Credit Card Programs and request account closure.</td>
<td>N/A</td>
<td>Notify financial institution of account closure.</td>
</tr>
<tr>
<td>Cardholder transfers to a new unit within the university.</td>
<td>1. Pay your corporate travel card bill in full.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Notify new unit business manager that you have a corporate travel card account. The manager will consult with the supervisor to determine if the employee is still eligible for the card, based on the new position responsibilities.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cardholder terminates employment or retires from the university.</td>
<td>Pay your corporate travel card bill in full.</td>
<td>Contact the Office of Credit Card Programs and request suspension of account.</td>
<td>Contact the Office of Credit Card Programs and request account closure or reinstatement based on employee's current eligibility for a card.</td>
<td>Notify financial institution of account suspension, account closure, or reinstatement.</td>
</tr>
</tbody>
</table>

**Note:** The corporate travel cardholder may close his or her account at any time by contacting the issuing financial institution directly.
The information in this section applies only to the users of the NEW university-paid travel and meal card. These cards are being issued in conjunction with the roll-out of Concur, the university’s new travel system. You will be invited to apply for a new travel and meal card if you meet the eligibility requirements (defined in this section) when your unit is enrolled in Concur. The new travel and meal cards will *not* be issued to any individual in advance of his/her unit being on-boarded in Concur.

**Introduction**

A “travel and meal card,” also referred to as the T&M card, is a university liability credit card that is issued in an employee’s name. The card is used for the payment of travel-related business expenses, including locally hosted business meals. The bill for all charges on T&M cards is paid centrally by the university. Cardholders will not make any payments to the issuing bank.

Charges to the T&M cards are automatically uploaded to the university’s travel expense system, Concur. Cardholders are required to complete expense reports within Concur in a timely fashion, in compliance with University Policy 3.3, Travel Expenses for Concur Users. Completing the expense report allows transactions on the travel card to be charged against one or more unit accounts.

All charges to the T&M card must be for business purposes only and in full compliance with other university policies, particularly University Policy 3.3, Travel Expenses for Concur Users and 3.14, Business Expenses. The cardholder is responsible for providing supporting documentation and an explanation of business purpose for all charges to the T&M card.

♦ **Caution:** Failure to use the T&M card in compliance with university policy, including the terms outlined in this manual, can result in the suspension or revocation of the T&M card and possible disciplinary action. Fraudulent use of the T&M card can result in employee termination, expulsion from school (for students), and criminal charges.

**Eligibility**

Cornell University faculty and staff members are eligible to apply for a T&M card if the applicant has NOT incurred a write-off (i.e. reached 180 days past due) on a personal liability corporate travel card AND his/her position at the university requires any of the following:

1. Business travel at least once per year
2. Booking of visitor travel at least once per year
3. Hosting of business meals

**Use of the Card**

The T&M card may be used for travel-related expenses such as airfare, hotel, meals, registration fees, and incidental supply needs that may arise during travel, for example, replacement of a traveler’s lost laptop power cord. See University Policy 3.3, Travel Expenses for Concur Users, for specific details on the types of expenses allowed by the university during business travel.

♦ **Caution:** The T&M card is NOT intended for use as a procurement tool for non-travel goods and services. The card must never be used for services requiring a contract, such as catering.

Meals while traveling should be paid for with the T&M card when using the receipted meals method. When choosing to receive per-diem for meals, travelers may find it easier to pay for meals with personal funds to avoid repaying the university in the event that the per-diem amount is exceeded.

Locally hosted meals should be paid for with the T&M card. When an individual does not have a T&M card, it is acceptable to utilize a pcard for local meals.
The travel card holder may also utilize his/her card for the payment of travel expenses for other university travelers, including guests. The cardholder is still subject to the requirements outlined below in “Documentation and Expense Report Requirements.”

♦ Note: The T&M card is not to be used for personal purchases; however, it is understood that there are limited circumstances when this may occur. Examples of this may include, but are not limited to, a spouse attends a business meal and it is impractical to separate the bill; the traveler’s meal expenses exceed the per-diem allowance. Under these unique circumstances, the cardholder will be allowed to reimburse the university.

Applying
Applications for T&M cards will be supplied only to those individuals specifically authorized by their unit and in conjunction with the rollout of Concur.

Cash Advance Requests
Travelers in need of a cash advance will make the request through Concur. T&M cards are not issued with the cash access feature enabled (i.e., you cannot obtain cash via an ATM). Should the cardholder have an unusual business need for cash, it is possible to activate the cash feature on the T&M card. Permission must be obtained from the cardholder’s Senior Financial Group (SFG) or Senior Business Group (SBG) member. The SFG or SBG member will contact Credit Card Programs (creditcards@cornell.edu) to authorize cash access enablement for the cardholder for a specific timeframe and dollar amount.

♦ Note: A personal identification number (PIN), which is normally selected by the cardholder during the T&M card activation process is required for cash access via an ATM.

Documentation and Expense Report Requirements
Cornell requires that all cardholders submit documentation for all purchases on their T&M card. Sufficient documentary evidence is necessary in order to comply with university policies, sound business practices, and the requirements of external and internal reviewers.

Cardholders are required to ensure that documentation supporting each transaction on the T&M card is stored electronically within Concur and associated with the appropriate expense report. Cardholders must retain original documentation for 60 days after their expense reports have been submitted.

See University Policy 3.3, Travel Expenses for Concur Users for details on documentation requirements for travel. Further information on Concur, including creation of expense reports, can be found at http://www.blogs.cornell.edu/travel/training-and-guides/.

Policy Violations
Failure to use the T&M card in compliance with university policy, including the terms outlined in this manual, can result in the suspension or revocation of the T&M card and possible disciplinary action. Fraudulent use of the T&M card can result in employee termination, expulsion from school (for students), and criminal charges.

Examples of policy violations that may result in the suspension of the T&M card include, but are not limited to:
1. Failure to supply documentation for charges to the card
2. Failure to complete expense reports within Concur in a timely fashion
3. Payment of personal expenses with the T&M card beyond what may be considered reasonable, as described under “Use of the Card”
4. Failure to reimburse Cornell in a timely fashion for any charge to the T&M card that has been identified as personal
5. Use of the card for business expenses that were not related to travel or locally hosted business meals, as described under “Use of the Card”

6. Lending/sharing your card

Since travel expense reports are reviewed by the KFS Org Manager (a position that is generally within the unit), each KFS Org Manager is responsible for reporting all policy violations to the appropriate BSC Director. A request for suspension will be sent to Card Programs by the BSC Director, or their designee, and the card will remain suspended until such time as the violation has been corrected, i.e., documentation is submitted, expense report completed, repayment of personal expense is made.

If it is necessary to suspend a T&M card more than once in any 12 month period, the BSC Director will notify the SFG/SBG member. If/when the SFG/SBG member is satisfied that the cardholder understands the requirements of using a T&M card, he/she will submit a request to Card Programs to reinstate the card.

Errors on Your Card: Disputing a Charge/Reporting Fraud

Cardholders will receive a monthly statement from the issuing bank - this is not a bill. Cardholders will NOT make a payment to the issuing bank. Cardholders should review all expenses on the monthly statement for accuracy.

If a cardholder has authorized a vendor to charge his or her T&M card and the resulting charge is incorrect, the cardholder should first contact the vendor and attempt to resolve the error. Some examples of common “errors” are: incorrect dollar amount, duplicate charge, or credit not received. If the error is not resolved by contacting the vendor, the following steps will be taken:

1. The cardholder will contact the issuing bank to initiate a charge dispute.
2. The issuing bank will provide the cardholder with the appropriate charge dispute form.
3. The cardholder will complete the charge dispute form and fax it back to the financial institution within 60 days of the statement date on which the error appeared.
4. The financial institution must acknowledge the charge dispute within 30 days of receipt of the form.
5. Within 90 days of receipt of the form, the financial institution will correct the error or provide an explanation as to why the charge is correct.

Caution: If the cardholder has not authorized a vendor to charge the T&M card, then the cardholder must assume that an unauthorized party has obtained his or her card number and must contact the financial institution immediately. The card account will be shut down and a new T&M card, with a new account number, will be mailed to the cardholder. The financial institution may also request that the cardholder confirm the fraudulent use of the card by completing an affidavit of fraud form, which the financial institution will mail to the cardholder.

Lost or Stolen Cards

If a T&M card is lost or stolen, the cardholder must contact the financial institution immediately to ensure that fraudulent use of the card does not occur. The financial institution will shut down the travel card account and will mail a new card, with a new account number, to the cardholder.

Cardholders Change of Status

If a cardholder is on any type of university leave that extends beyond 30 days or is for an unknown duration, that individual’s card must be suspended. The individual’s supervisor will inform the BSC of the date that the cardholder’s leave will start. Suspending the T&M card will prevent unauthorized use of the account during a time when the cardholder is not available to dispute the charge. See Account Closures and Other Changes to T&M Cards for further details on suspending an account.

Purchases Rejected By Vendors
If a purchase is declined at the point of sale, the cardholder may call the financial institution or his/her BSC to obtain the reason. If a card is accidentally destroyed or is damaged and cannot be used, the cardholder will contact the financial institution to request a replacement card.

Account Closures and Other Changes to T&M Cards
Representatives of the cardholder’s BSC will utilize the Credit Card Update form to request name or address changes, account suspensions and closures. The form may be found at https://www.dfa.cornell.edu/procurement/buyers/credit-cards/procurement-card/forms.

♦ Note: When a T&M card is lost or stolen, and the financial institution subsequently issues a new credit card with a new account number; a Credit Card Update form does not need to be submitted. (See “Lost or Stolen Cards” above.)

Expiring Cards
A T&M card near its expiration date will automatically be replaced by the financial institution, no later than 7 days prior to the end of the month in which the card expires. If a replacement for the expiring card has not been received within 7 days of the end of the month in which the card will expire, the cardholder will contact the financial institution.

Inactive Cards – Yearly Review
An unused and potentially unmonitored credit card account creates the opportunity for fraudulent use by unauthorized parties; therefore, BSC Directors should close any T&M card that is not routinely used at least once per year. To facilitate the review of cards, the Office of Credit Card Programs will supply BSC Directors with an annual report of card usage. It is the responsibility of each BSC Director to review this information with Unit Managers to ensure that all cardholders continue to meet minimum eligibility requirements. The BSC Director will notify any cardholder whose account is to be closed and then submit the closure request to the Office of Credit Card Programs.
Responsibilities for the University Paid Travel and Meal Card (Interim)

Cardholder
1. Understand and abide by the requirements of using a T&M card as outlined in the Travel and Meal Card section of this manual and University Policy 3.3, Travel Expenses for Concur Users.

2. Contact the issuing bank immediately if your card is lost or stolen, or if you identify a charge on your card that you did not authorize.

3. Keep your T&M card number confidential (lending or sharing the card is not allowed) and the card itself secure (keep it on your person or in a locked file/drawer).

4. Collect supporting documentation for all charges to the card and ensure that the documentation is stored electronically, within Concur, and associated with the appropriate expense report.

5. Complete expense reports in Concur in a timely fashion in compliance with University Policy 3.3, Travel Expenses for Concur Users.

6. Retain original documentation for 60 days after the expense report has been submitted.

7. Do not use the T&M card for personal expenses, beyond what may be considered reasonable, as described under the "Use of the Card" section of the manual.
   ♦ Caution: Any charge to the T&M card that is deemed to be a personal expense must be reimbursed to the university.

8. Do not use the T&M card for business expenses that are not related to travel or locally hosted business meals, as described under the "Use of the Card" section of the manual.
   ♦ Caution: Failure to comply with university policy, including all procedures outlined in this manual, may result in the suspension or revocation of your card.

Supervisor
1. Approve T&M card applications only for those individuals that meet the eligibility requirements outlined in this manual.

2. Contact your BSC director to request a card suspension in the event that your direct report/cardholder will be on any type of university leave for greater than 30 days or for an unknown duration.

3. Contact your BSC director to request a travel card closure in the event that your direct report/cardholder is leaving his/her position.

4. Assist the BSC director in suspending or revoking a cardholder’s T&M card privileges, as requested.

KFS Org Manager
1. Review charges to the T&M card contained in expense reports.

2. Report any charges to a T&M card that do not comply with university policy, including this manual, to your BSC director.

3. Collect reimbursement for any personal charge to a T&M card and forward to your BSC for deposit; include instructions on the account that is to be reimbursed.
4. Assist your BSC director in the yearly review of T&M cards and the determination as to whether the cardholders continue to meet the eligibility requirements for a card.

5. Report incidences of possible abuse of T&M card privileges, or the fraudulent use of a card, to the University Audit office, as required by University Policy 3.6, Financial Irregularities.

**Business Service Center Director**
1. Review card misuse, as reported by the KFS Org Manager, and request suspension of T&M cards as outlined in this manual.

2. Request that Card Programs suspend a T&M card when a cardholder’s supervisor reports that the cardholder is on leave.

3. Request that Card Programs close a T&M card when a cardholder’s supervisor reports that the cardholder has left his/her position.

4. Deposit any reimbursement of personal charges to a T&M card to the account identified by the KFS Org Manager.

5. Conduct an annual review with the KFS Org Manager of all T&M card holders in the unit and close any account where the cardholder no longer meets eligibility requirements.

6. Report incidences of possible abuse of T&M card privileges, or the fraudulent use of a card, to the University Audit office, as required by University Policy 3.6, Financial Irregularities.

**Senior Financial Group or Small Business Group Member**
1. Review requests for cash access on a T&M card and request that cash be enabled on the card only in the event that there is an unusual business need. Send the request for cash access to creditcards@cornell.edu and specify the cardholder, location of travel, timeframe and dollar amount to be made available.

2. Review instances of card suspensions, as reported by your BSC Director.

3. Request reactivation of a suspended T&M card only in the event you believe the cardholder understands the requirements of using a T&M card; contact creditcards@cornell.edu to request card reinstatement.

**Card Programs**
1. Administer changes to this manual.

2. Provide guidance to campus, i.e., BSC directors, KFS Org Managers, Supervisors, SFG/SBG members, and cardholders.

3. Provide information and updates to campus customers, as needed.

4. Review applications and contact the supervisor if an applicant does not meet the eligibility requirements outlined in this manual.

5. Serve as university contact with the financial institution issuing cards.

6. Close or suspend cards as requested by the BSC director or a cardholder’s supervisor.

7. Revoke cards as requested by SFG/SBG members or as a result of the findings of University Audit or external auditors.
The Purchase Order Process

Introduction to Purchase Orders

In general, the purchase of all goods and services at the university requires the review and approval of Procurement and Payment Services (Procurement). The primary method by which procurement and payment is accomplished is the purchase order process.

Definition. A *purchase order* represents the university’s offer to buy goods and services. The purchase order is a legally binding contract, with specific terms and conditions between the university and the vendor. When all parties have fulfilled the obligations outlined on the purchase order, the university will issue payment to the vendor.

Roles and Responsibilities. The system used to initiate, approve and track a purchase order at the university is the Kuali Financial System (KFS). The basic purchase order process is as follows: Unit/BSC creates requisition (REQS) → requisition reviewed/approved by Procurement → PO issued to vendor → Vendor fills order and sends invoice to Cornell → Cornell issues payment (check or ACH) to vendor.

Obtaining Access to KFS

Access to the requisition in KFS is managed by the BSCs. If you need to purchase something that is not in e-SHOP then contact your BSC. To get access to e-SHOP, please contact your BSC. Typically, units submit their requests for purchases of goods and services to the BSC via an I Want Doc, email, or center’s form, and then the BSC initiates the order in KFS.

Bid limits

For purchases under $25,000, the unit will select the vendor of their choice or preferred vendor if one is available for the required goods and services. When not utilizing a preferred vendor, the unit is encouraged to solicit competitive quotes. In addition, the Purchases with Special Procedures section of this manual should be consulted to ensure that the unit is aware of all requirements related to the good or service being ordered.

The university’s bid limit is $25,000. This is the dollar amount at which Procurement will undertake a formal bid process prior to the issuance of a purchase order. See Section 402, Bid Solicitation and Exemptions for the limited instances under which Procurement Services may exempt an order over $25,000 from requiring a bid.

Large dollar orders require additional Procurement Services’ management approvals. The following are the dollar levels when additional approvals are required:

- Up to $25,000  Procurement Associate
- Less than $100,000  Procurement Agent
- Less than $500,000  Senior Director, Procurement and Payment Services
- Over $500,000 less than $5 Million  Vice President of Financial Affairs
- $5 Million and over  Board of Trustees

Types of Purchase Orders

Generally, there are two types of purchase orders (PO) – recurring and standard.

A *recurring order* is placed when there is a repeated need for expendable supply items and/or services such as maintenance agreements, rental charges and leases. Recurring orders are issued with control parameters, such as a total dollar amount not to exceed, a specific time period
A standard PO is used when all items to be purchased are identified and listed when the order is sent to the vendor. Once the ordered goods and services have been received, the vendor invoices Cornell, and payment is made. There are four distinctions among standard POs:

1. e-SHOP orders - orders under $1,500 are automatically sent to vendor; orders greater than or equal to $1,500 are routed for required approvals before being sent to the vendor. Starting a requisition in e-SHOP is simpler and requires less manual data entry and ensures contract pricing.
2. Automatic Purchase Orders (APOs) – orders for less than or equal to $25,000 are routed to the unit’s Fiscal Officer (FO) for approval. An APO may not be utilized with new vendors, vendors on hold, or for commodities that require review by a procurement agent.
3. Purchase Orders greater than $25,000 – these orders are routed to Procurement for review and approval. Preferred vendors may have a higher APO limit. Please review the Buying Manual section on Bid Solicitation and Exemptions.
4. New York State Purchase Orders – these orders are processed through the SUNY procurement system. Please review the topics under New York State Procurement for further details on orders utilizing New York State Appropriated funds.
Creating a Purchase Order

Creating a Requisition in KFS
The requisition serves as the units’ request for goods or services. The following list of resources is intended to guide units in properly completing a requisition in the Kuali Financial System (KFS). Please review the Requisition tutorial (KFSPUR-400 REQS) before proceeding.

- Purchasing Tutorials
  - KFSPUR-400 OV (Purchasing Overview)
  - KFSPUR-420 CS (Vendor Contract Search)
  - KFSPUR-400 REQS (Requisition)
  - KFSPUR-400 e-SHOP (e-SHOP/Shop Catalogs)
  - KFSPUR-400 POA (PO Amendments)
  - KFSPUR-430 VSU (Purchasing Vendor Set-Up)

If you need further assistance after reviewing the tutorials, please contact the Procurement and Payment Services (Procurement) Helpline at 607-254-5300 or procurement@cornell.edu. Additional training resources are available on the Procurement Web site at https://www.dfa.cornell.edu/procurement/e-shop/training.

If you do not have authorization from your BSC to access KFS but need to begin the procurement process, contact your BSC. Your BSC will use the information you provide to create a requisition in KFS.

Progress Payments
Cornell’s standard payment terms are Net 30 days from receipt of invoice. Other terms may be negotiated by the unit and Procurement. Examples of other terms include discounts for early payment or progress (milestone) payments on projects.

Use of progress payments incorporates risk. Approval of partial payment prior to a product or service being provided leaves the University with limited recourse if obligations are unfulfilled by the supplier. The Office of University Counsel may become involved should the supplier not meet his/her obligations.

In order to properly process payments, the requisition must reflect payments rather than the items being purchased or services being performed. At the line item level, input the progress payment. For example:
1. “Progress payment one - 30% down payment with the order” (enter 30% of total cost as the dollar amount)
2. “Progress payment two – 30% upon delivery” (enter 30% of total cost)
3. “Progress payment three – 40% net 30 days after receipt of invoice, installation, testing and acceptance” (enter remainder of cost).

Product detail, unique conditions, terms, or additional information pertaining to the order must be entered in the Notes and Attachment tab. The supplier must submit invoices for each progress payment as applicable.
Procurement Services Review Process

Procurement will promptly review and evaluate all requisitions routed to us and will determine the appropriate actions required before the purchase order is issued. The procurement process may require one or more of the following actions, depending upon the conditions of the purchase.

- Requisitioned items are reviewed based on existing contracts.
- Requisitions will be evaluated based on bid limits and fund types.
- Documentation and price justifications for sole source/single source orders will be reviewed by a procurement agent.
- The terms and conditions of the purchase order may need to be negotiated and finalized with the vendor.
- Requisitions with special requirements may require review from the appropriate department (e.g., x-ray or sealed sources, bio-safety cabinets).
- Some purchases may need to address specific issues (e.g., insurance coverage, customs clearance, legal review of vendor terms and conditions).

Paying for Purchase Orders

In order to fulfill the purchase order:

1. The goods must be received.
2. The vendor must submit an invoice to Cornell University, Accounts Payable, 395 Pine Tree Road, Suite 330, Ithaca, NY 14850 or via email to DFA-4040_invoice@cornell.edu. For some high volume vendors, invoices are submitted to Cornell University via electronic invoicing. Invoices are used to create payment requests in KFS.
3. Additionally, the Fiscal Officer (FO) must approve the following payment requests before the payment is made.
   - Any invoice from an order originated in e-SHOP for under $1,500
   - Any invoice over $5,000

PO Amendments and Cancellations

Purchase Order Amendments (POAs) are the responsibility of the BSCs. When a purchase order (PO) is changed, KFS creates a POA based on the existing PO. POAs should be used only for adding or deleting items.

- You may not change a vendor by issuing a POA. In order to change a vendor after a PO has been issued, you must cancel the PO and reissue a new order.
- You may not change a billing account by issuing a POA. The Fiscal Officer (FO) can change the account when reviewing the payment request.
- Do not process POAs on non-quantity orders.

Orders that originated in e-SHOP cannot be changed or amended. The unit must contact the supplier directly to cancel the order.

To process an amendment (or change) to a purchase order, review the KFSPUR-400 POA Purchase Order Amendment tutorial.
Bid Solicitations and Exemptions

Bid Solicitation Requirements
Per University Policy 3.25, Procurement and Payment Services (Procurement) is responsible for requesting quotations or proposals from suppliers at expenditure levels above $25,000 (formal bid limit) or when specific fund types are used. Good purchasing practice dictates that requests for proposals and quotations to responsible suppliers effectively develop competition and guard against favoritism, improvidence and fraud. The primary purpose of competitive bidding is to insure and demonstrate that funding is being responsibly spent and equal opportunities are being extended to responsible suppliers.

When a unit has a need for a good or service that may cost more than $25,000, the unit should contact Procurement. Procurement will assist the unit in developing specifications, identifying potential sources (vendors), and will issue all requests for bidding. During the competitive bid process, Procurement controls all information to ensure that all suppliers receive the same information. Supplier responses are kept confidential. Suppliers may receive general feedback on their response relative to other suppliers. New York state (NYS) appropriated funds are subject to public bidding.

Awards of bids are made on a best value basis. Lowest pricing award does not require any additional explanation. Awards made for reasons other than low pricing require documentation of the reasons for the award.

To request a bid solicitation, e-mail procurement@cornell.edu with the specifications and potential list of vendors. Use the form available on the Bid Solicitation web page at https://www.dfa.cornell.edu/procurement/tools-forms/forms/bid-solicitation.

This procedure is in compliance with State and Federal Regulations and is subject to University Policy 4.7, Retention of University Records. Procurement is responsible for issuing and maintaining all documentation relevant to quotations, bids, proposals and awards based on the bid thresholds below.

Bid Thresholds
Competitive bidding occurs at many different levels in terms of dollars, formality and process. Requirements for requesting quotations, bids and proposals are determined by anticipated expenditure levels and fund type as described below:

Less than or equal to $25,000 (for all fund types)
The responsible unit is encouraged to solicit competitive quotes, but it is not required. For orders using New York State appropriated funds, reasonableness of the price should be documented and maintained by the unit.

Greater than $25,000 and less than or equal to $50,000 (for all fund types)
Procurement will solicit from a minimum of three (3) responsible suppliers. Formal quotations will be requested only from those suppliers deemed qualified.

Greater than $50,000 (for all fund types)
Procurement will solicit from a minimum of five (5) responsible suppliers. Formal quotations will be requested only from those suppliers deemed qualified.
Exemptions from Bidding
For New York State appropriated funds, contact Procurement and Payment Services.

Bids will not be required when any of the following conditions apply:

State Contract:
The acquisition of goods and services from New York State Contracts is exempt from bidding for any dollar amounts. The unit has the option to request bidding at their discretion and in consultation with Procurement.

Preferred Supplier Agreements:
Procurement has Preferred Supplier Agreements with several vendors. These suppliers have participated in a competitive bid and negotiation process to establish pricing, service levels, and terms and conditions for a particular product or service category. The agreements are established based on the University’s requirements for the particular product or service category (commodity).

Generally, orders issued to a preferred supplier preclude bidding. Contact procurement@cornell.edu if you are working on an order that may exceed $100,000. Request a quote from the preferred supplier and enter the information on the requisition. No additional paperwork is required. To view the complete list of preferred suppliers, please refer to the Procurement web site https://www.dfa.cornell.edu/procurement/supplierlistview. Additional information on each supplier is provided by clicking on the supplier’s name.

Contract Supplier:
These suppliers have participated in a competitive bid process and Procurement Services maintains a relationship through a formalized agreement. These suppliers may have been competitively bid by Procurement and Payment Services, New York State, or a group purchasing organization (GPO).

Generally, orders issued to contract suppliers preclude bidding. Contact procurement@cornell.edu if you are working on an order that may exceed $50,000. Purchase orders greater than $25,000 will be reviewed by a procurement agent and may be bid at the discretion of the agent. A quote is required from the supplier. Enter the information on the requisition and submit the paperwork with the requisitions to Procurement Services.

Single Source/Sole Source Purchases:
Where competition may not be feasible due to the single source or sole source nature of a commodity or a particular specification, a written justification is required and reasonableness of price must be established. Use the Single/Sole Source Justification form, which is available at https://www.dfa.cornell.edu/procurement/tools-forms/forms/source-justification. This applies to purchases over $25,000 for all funds. Additional procedures are required for New York State appropriated funds.

Local and Diverse Suppliers:
In the interest of diversifying the university’s supplier base and supporting the university’s goals of inclusion, Cornell may, at the discretion of the Procurement Agent, purchase directly from local or certified diverse suppliers (as defined by the Small Business Administration) without soliciting competition. The Agent must take steps to ensure that the prices charged are reasonable and that the selection of the supplier assists in this mission.

Recycled Products:
In the interest of meeting the University’s goals of sustainability and environmental protection, Cornell may, at the Procurement Agent’s discretion, purchase recycled goods directly without
soliciting competition. The Procurement Agent must take steps to ensure that prices are reasonable.

Emergency Orders:
An emergency is defined as a critical situation which is an unanticipated and sudden occurrence which is life threatening, catastrophic in nature, or involves pressing necessity for immediate repairs, reconstruction, or maintenance in order to permit the safe continuation of a necessary use or function, or to protect the property or the life, health, or safety of any person. Orders may be issued in these emergency situations at the Procurement Agent’s discretion without soliciting competition. Procurement Agents must take steps to ensure that prices are reasonable.

Catering Services, Hotel/Event Space Rental, Hosted Events
Selection of a service provider for catering or a venue for a hosted event are based on criteria which may include location, number of guests/attendees, hosting dignitaries, accessibility, parking, event budget, and so forth. These types of services typically do not lend themselves to bidding and as such are exempt from the bidding requirement. However, these services must use the appropriate contract and purchase order and the vendor must provide the necessary certificates of insurance as required. These services are exempt from the bid limit unless contract, grant, or federal funds are used to pay for the service.

Human Resources Recruiting Services
The Human Resources’ Employment and Recruitment Center is responsible for approving all contracts for professional services with employment search firms. These firms offer a specialized service to meet specific criteria established by the college or administrative unit. These services are exempt from the bid limit unless contract, grant, or federal funds are used to pay for the service.

Cornell Cooperative Extension (CCE) Association Services
Purchase of extension association related services, requested by Cornell Cooperative Extension (CCE) Administration units, is exempt from the bidding requirement due to the nature of our land grant mission, including when contract, grant, or federal funds are used to pay for the services.

Source (Vendor) Qualification
A college or administrative unit may submit the names of prospective bidders (i.e., bidders list). Procurement will identify additional bidders if necessary to comply with bid requirements. Procurement will add or delete suppliers from a bidders list based upon factors including but not limited to size (which relates to the ability to provide and/or service the requirements), past performance, financial resources, quality assurance, technical capability, competitive pricing, customer service and through current research on available suppliers, including input from end users/units at Cornell. Only suppliers deemed qualified will be invited to participate in an RFP.

Types of Bid Requirements (Solicitations)
The following defines the types of bid solicitations used by Procurement. Information and results from RFP’s, RFQ’s & RFI’s are Cornell University confidential. Responses to any of these types of bid solicitations may not be shared with parties outside of Cornell University, including vendors.

- **Request for Proposal (RFP)** – This is a formal invitation to vendors to submit a proposal to provide a product or service. The RFP contains project specifications, application procedures, and deadlines. The responses are evaluated based on dollar amount, quality, service, delivery, and other criteria as described in the document. Results may not be shared with parties outside of Cornell University, including vendors. For New York State appropriated funds, additional procedures and paperwork are required for RFPs over $10,000. Results may be shared with parties outside of Cornell University, including vendors.
• **Request for Quotation (RFQ)** – This is an invitation to vendors, which is used to get pricing and delivery information for a list of items with a clear set of specifications. Results may not be shared with parties outside of Cornell University, including vendors. For New York State appropriated funds, additional procedures and paperwork are required for RFQs over $10,000. Results may be shared with parties outside of Cornell University, including vendors.

• **Request for Information (RFI)** – This is an informal request. This is used to collect general information about suppliers or products and services. An RFI is used to gather information to help make a decision regarding the next step as needed in the process. The results of an RFI may be used to generate formal specifications for an RFP. Results may not be shared with parties outside of Cornell University, including vendors.

• **Invitation for Bid (BID)** – This is a formal invitation to vendors to submit a proposal (bid) on a specific goods or services. The vendors submit sealed bids which are opened in a meeting that is open to the public. The Invitation to Bid is used for expenditure of New York State appropriated funds when the purchase amount is greater than $50,000.

**Single Source and Sole Source Justifications**

These guidelines apply to all purchases greater than $25,000 for all fund types, where competition may be restricted due to a variety of reasons such as technical specifications, proprietary information, method of distribution, or upgrades of existing equipment.

A **Single Source** is the one source among others in a competitive marketplace which for a justifiable reason has predominate qualifications for selection for contract award.

A **Sole Source** is the one and only source regardless of the marketplace, possessing a unique and singularly available performance capability for the purpose of contract award.

**Roles and Responsibilities**

It is the responsibility of the End User/Unit and the Procurement Agent to indicate the basis for awarding the purchase to a single source/sole source and to determine that the non-competitive price was fair and reasonable.

The *End User/Unit* will justify and document in writing, the reasons why competition may be restricted; and also provide information which establishes the reasonableness of the price (refer to the single/sole source justification form). The **Single/Sole Source form** should be completed, dated, and signed by the End User/Unit prior to attaching it to the requisition being submitted to Procurement Services.

*Procurement Services* will verify the justification and documentation and/or supplemental information provided by the End User/Unit. All single/sole source justification forms that identify using funding from grants, contracts, or federal funds may be routed to Sponsored Financial Services for review prior to the release of the purchase order.

The Single/Sole Source form and directions are available on the Procurement Services web site at [https://www.dfa.cornell.edu/procurement/tools-forms/forms/source-justification](https://www.dfa.cornell.edu/procurement/tools-forms/forms/source-justification).
e-SHOP

Policy
Cornell’s e-procurement system is the preferred method for initiating an order for goods and services. For suppliers enabled in this system, units should utilize this procurement tool for all transactions with that supplier to ensure that the unit receives Cornell’s discounted pricing.

Definition
e-SHOP is Cornell’s branded e-procurement system, which allows the user to procure goods and services from a wide variety of selected suppliers through KFS. Low dollar purchases (generally under $1,500) are eligible to be routed directly to the supplier with no additional approval requirements. Purchases above $1,500 will route to your Business Service Center, and purchases over a pre-determined automatic purchase order (APO) limit (see below) will route to Procurement for approval, prior to being sent to the vendor.

Types of Suppliers in e-SHOP
The following types of suppliers are available in e-SHOP:

- Preferred (APO limits range from $25,000 - $100,000) – see definition in section 102
- Contract (APO limits of $25,000) – see definition in section 102
- Pricing Agreement (APO limits of $25,000; no bidding exemption) – For your convenience, Procurement has pricing agreements with terms and conditions in place with suppliers who meet one of the following criteria:
  - They have discounted pricing for Cornell.
  - They have a service, license, or maintenance agreement with Cornell.
  - They support the local economy, i.e., located in Tompkins or adjacent county
  - They meet criteria for small or diverse business classifications, as defined by the Small Business Administration.
  - They support Cornell’s sustainability initiative.

Process
When purchasing from a supplier that is available in e-SHOP, the requisition should be started in e-SHOP. e-SHOP provides several benefits to the user and to the University:

- The e-SHOP shopping cart populates the line item detail in the KFS requisition
- One shopping basket may be created for purchases from multiple suppliers
- Both users and approvers may store notes on the order, helping to document the history
- Transaction details are stored electronically

Not all items in a vendor’s e-SHOP punch-out site or hosted catalog are under contract, for those items you are encouraged to shop for best price or contact Procurement to determine if the e-SHOP vendor will match the better price.

It is possible to create an order in e-SHOP that is greater than the formal bid limit of $25,000. Such purchases will be routed to the BSC for approval and then to Procurement for final review and approval. Bidding may be required at the discretion of the procurement agent, see Buying Manual section 402, Bid Solicitations and Exemptions.
e-SHOP Training
In preparation for using the system, it is recommended that new users participate in the webinar and/or take the tutorials for KFS Basics and KFSPUR400e-SHOP Tutorial. See https://www.dfa.cornell.edu/procurement/e-shop/training for additional information on e-SHOP, including training materials and monthly webinars.

Granting or Removing e-SHOP Access
To obtain access to e-SHOP and KFS, the end user should contact his/her BSC. It is the responsibility of the BSC Director to review, approve, and update employee access to KFS and e-SHOP. Everyone with a valid Cornell NetID is automatically set up with a Shopper role. The Kuali Security Request (KSR) doc is used to grant or remove access for the e-SHOP User and e-SHOP Plus User roles. When either the e-SHOP User or e-SHOP Plus User role is removed, the access will automatically default to the Shopper role.

e-SHOP Roles
The four e-SHOP roles are described below.
1. **Shopper**: This role is automatically available to any individual with a valid Cornell NetID. This role allows all users to review supplier catalogs in e-SHOP and create shopping carts of goods or services in e-SHOP. These carts must be assigned to an “e-SHOP User” to create a purchase order.

2. **e-SHOP User**: This role has a $1,500 automatic purchase order (APO) limit and the permission to initiate, edit and accept assignment of carts in e-SHOP and fully process them as Purchase Orders in KFS. This role should be requested for all users who initiate e-SHOP transactions OR any user who would be assigned a cart to complete in KFS from another e-SHOP user. This role will be granted by the BSC using the Kuali Security Request (KSR) doc.

3. **e-SHOP Plus User**: This e-Shopper role has a higher $5,000 APO limit. This role also has the permission to initiate, edit and accept assignment of carts in e-SHOP. This role should only be requested for users who meet both of the following criteria:
   a. **Position** – such as:
      i. Administrative/Business Manager
      ii. Inventory staff (ordering to replenish or create inventory for a warehouse or job)
      iii. Positions that require procurement of timely or emergency goods
      iv. Procurement buyers - such as those in Facilities Services
   b. **Card history and experience**:
      i. Demonstrated history of compliance with pcard policy
      ii. Demonstrated and frequent need for higher limits (e.g., type of purchases or need for quick or non-work hour procurements)
      iii. Demonstrated potential need for emergency purchases
      iv. Demonstrated and frequent need for the purchase of expensive equipment/materials.
      This role will be granted by the BSC using the Kuali Security Request (KSR) doc.

4. **Vendor**: This role grants an e-SHOP vendor limited e-SHOP access and the ability to create a custom quote by creating a vendor cart for approval by an e-SHOP user. Access is granted by Procurement based on e-mail requests by the applicable Strategic Sourcing Agent; no KFS access is granted or needed.
BSC e-SHOP Access Process Tips

- **e-SHOP User.** Requesting e-SHOP User role access is done via the Kuali Security Request (KSR) doc. Once the Org and Primary/Secondary Approvers are set up, the doc will route for approval accordingly.

- **e-SHOP Plus User.** Once the individual meets the e-SHOP Plus User role criteria stated above, initiate the Kuali Security Request (KSR) doc to request access. Once the Org and Primary/Secondary Approvers are set up, the doc will route for approval accordingly.
  
  o **Requirement:** Ad hoc route “Approve” the KSR doc to the individual’s Department/Unit Chair and the appropriate BSC Director for approval.

- Once all approvals have been obtained, the access will be granted immediately.

- To modify a role from e-SHOP Plus User to e-SHOP User, you must process a request to remove the e-SHOP Plus User role and process a separate request to create the e-SHOP User role.
Terms and Conditions

Definition. The Terms and Conditions of the Purchase Order give Cornell University legal protection in all procurement actions and comply with laws governing its operation. See https://www.dfa.cornell.edu/procurement/suppliers/doing-business/terms for the Terms and Conditions document.

Responsibilities.
Procurement and Payment Services:

- Procurement and Payment Services (Procurement) is responsible for the issuance of and changes to the Terms and Conditions in consultation with the Office of University Counsel, Risk Management and Insurance, and the Office of Sponsored Programs.
- Any time a Supplier presents his/her Terms and Conditions as part of a transaction, a procurement agent (who has transaction authority for the University as defined in University Policy 4.2, Transaction Authority and Payment Approval) is required to review the supplier’s terms for any conflicts that may exist between the supplier’s Terms and Conditions and Cornell’s Terms and Conditions.
- To amend a supplier’s terms and conditions, the procurement agent responsible for issuance of the order may do so either electronically, by requesting the document from the supplier, or by striking the clauses in pen. The agent should be mindful to print legibly any additional terms and initial the change.

End User/BSC:

- In the event that a supplier presents his/her terms and conditions, the unit should forward the requisition, contract, terms and conditions, and any other accompanying paperwork to Procurement for review. Legal counsel will be asked for assistance as required.
Insurance Requirements

Cornell University requires that vendors who perform a service for the University meet minimum levels of insurance coverage. Vendors must submit evidence of adequate insurance coverage prior to performance of work or services for the University. If you are unsure as to whether the intended service provider must provide proof of insurance, the Cornell unit should contact the Department of Risk Management and Insurance.

A service is defined as an activity in which labor is the major factor and not merely incidental to the production, acquisition, and/or delivery of a good. Examples of services include hay delivery, catering, equipment repair, and web site design.

General Guidelines

- When a service is to be provided by a vendor, insurance is always required to mitigate any risk or harm to individuals or the university (e.g., financial impact, legal and regulatory concerns).
- When working with web developers and software companies, (e.g., programming, hosting, or data storage services or access to Cornell systems), cyber insurance is required.
- When hiring academic consultants from other universities or funding project with grants and contracts managed through the Office of Sponsored Programs, insurance is required.
- When Cornell is reselling a good or service, insurance from the vendor is required.

Proof of Insurance

Caterers who have already provided proof of adequate insurance are listed on the Risk Management and Insurance web site at http://www.risk.cornell.edu. Procurement and Payment Services (Procurement) maintains a list of other vendors that have supplied proof of adequate insurance coverage, available at https://www.dfa.cornell.edu/procurement/buyers/insurance.

Additionally, if you have access to KFS, you may view a vendor’s insurance coverage and expiration dates in the vendor record. From the KFS Main Menu, select Vendor from the Lookup and Maintenance section. From the vendor record, view the Vendor Insurance Tracking tab.

If a unit wishes to engage a vendor to perform work or services, and that vendor does not appear on the lists of those with adequate insurance, Procurement should be contacted as soon as possible. Procurement will contact the vendor to obtain the appropriate insurance certificates and add that vendor to the appropriate list once proof of insurance has been submitted.

*Caution*: Vendors are not to commence work or services for the university prior to the submission of proof of adequate insurance.

Questions Regarding Insurance Requirements

All requests for exceptions to the standard insurance requirements should be submitted by the end user and must be approved by the Department of Risk Management and Insurance. To request an exception, submit a detailed scope of work and a clear explanation of the circumstances to Risk Management and Insurance. Please be sure to include any relevant information, such as data analysis, ownership of intellectual property, and requirements/details from sponsored funds agreement. Please provide advance notice for review of the exception request. The Cornell unit should contact Risk Management at risk_mgmt@cornell.edu or (607) 254-1575.
Standard Insurance Requirements
Vendor will carry insurance to financially support indemnification of Cornell as provided herein, and shall provide certificates of such insurance, upon request. Annual automatic renewals of the certificate of insurance must be requested from the Vendor’s Insurance carrier and sent to Cornell upon the annual expiration date of the insurance policies.

Statutory Workers’ Compensation: Insurance under the laws of the State of New York and any other laws may be applicable thereto. Coverage “B”, Employer’s Liability, must have limits of at least $100,000.
This coverage is required for all vendors unless they are exempt under the laws of New York State, or other applicable jurisdiction. Coverage from other States may be substituted by individuals who are residents of other states but working on a temporary basis in New York. Individuals providing services on harbor fronts or over the water should provide proof of US Longshoremen and Harbor Workers insurance and/or Jones Act insurance.

Commercial General Liability Insurance: Subject to limits of at least $1,000,000 for each occurrence or the limit carried by the vendor, whichever is higher. Coverage must be provided for bodily injury liability, broad form property damage liability, contractual liability, and products/completed operations coverage. Completed operations coverage is to be maintained for a minimum period of two years after completion of the Cornell contract. High risk activities may require higher insurance limits. Consult Cornell Risk Management and Insurance if services being provided could be considered to be high risk.

Cornell University must be added to the vendor’s Commercial general liability Insurance policy as an “additional insured”, and evidence of such will be provided in all certificates of insurance. The insurance shall be considered to be primary and non-contributory to all other insurance or self-insurance maintained by Cornell University, for allegations of negligence for the acts or performance of the Vendor in fulfilling the work order.

Automobile Liability Insurance: Subject to a combined single limit of at least $1,000,000 for each accident for bodily injury and property damage. Such automobile liability insurance shall be for the contractors’ owned, non-owned and hired vehicles. Cornell requires limits of $5,000,000 for any bus charter, and higher limits for aircraft or watercraft travel that is not a ticketed event (e.g., charters). Aircraft and boat charters require pre-approval from Cornell Risk Management and Insurance.

If the Merchandise or Services provided by the Vendor includes software development and/or installation; or storage, use or access to Cornell data, the Vendor shall have Cyber Risk Insurance: Subject to the limit of at least $1,000,000 per claim to be maintained for the duration of this agreement and three years following its termination to respond to privacy and network security liability claims including, but not limited to:
1. Liability arising from theft, dissemination, and/or use of Cornell University Confidential Information, including, but not limited to, bank, credit card account and personally identifiable information, such as name, address, social security numbers, etc. regardless of how stored or transmitted;
2. Network security liability arising from (i) the unauthorized access to, use of, or tampering with computer systems, including hacker attacks or (ii) the inability of an authorized third party to gain access to Supplier systems and/or Cornell University data, including denial of service, unless caused by a mechanical or electrical failure;
3. Liability arising from the introduction of a computer virus into, or otherwise causing damage to, a customer’s or third person’s computer, computer system, network, or similar computer related property and the data, software, and programs thereon;
4. Crisis Management expenses (i.e. notification, public relations, reputation damage, forensics, etc.) for a data breach.
**Note:** Cyber Risk insurance is required for cloud computing services, hosting Cornell data on vendor’s servers, and providing vendor’s access to Cornell data that resides on Cornell servers.

The Office of Risk Management and Insurance provides guidance on the use of drones for University-related business and recreational purposes. For information and help with FAA regulations for recreational, educational, and commercial use as well as local ordinances and safety guidelines, please review the specific requirements on Risk Management and Insurance’s website at [http://www.risk.cornell.edu/forms-documents/risk-guidance/drones-guidelines/](http://www.risk.cornell.edu/forms-documents/risk-guidance/drones-guidelines/).

**Other Requirements for all insurance coverage:**
These minimum requirements of the University shall not limit the liability or responsibility of the Vendor. Cornell’s failure to enforce the requirements shall not be considered to be a waiver of any requirement. Any changes to these requirements shall only be made in writing and agreed upon by all parties.

All commercial general liability policies should be issued on an “occurrence” basis. The vendor must indemnify Cornell University as stated in section eleven of the Terms and Conditions of a Purchase Order.

A certificate of insurance for all policies required must be issued to Cornell University and received by Procurement Services prior to any work commencing under any contract subject to these requirements.

All certificates of insurance must provide for a minimum of 30 days’ notice to Cornell University prior to the cancellation of, non-renewal of, or a change in policy terms and/or conditions.

**Exceptions to the Standard Buying Guidelines**
Risk Management and Insurance does not require the collection of certificates of insurance from major hotel chains for their providing of guest rooms. The provision of catering and meeting space does require proof of insurance unless an exception is granted by Risk Management and Insurance.

*Caution:* Prior to procuring any services, always review the Purchases with Special Procedures: Paying for Services section of this manual.
Roles and Responsibilities

End User, Unit, BSC:

Inform the Procurement Agent when:

- An item specification is being developed for planned procurement action
- It is required that specific vendors be added to a bidders’ list
- Procurement action is planned involving a potential sole or single source of supply
- Sources of supply need to be identified for a specific item or commodity
- Supplier services or products are not in compliance with specification or expectation

Procurement Services’ Agent:

- Maintain a current list of commodity assignments on the Procurement Web site
- Identify alternative sources of supply through regular commodity reviews
- Manage the bid process for selection of the best source of supply
- Conduct negotiations with suppliers
- Provide acceptable terms and conditions for procurement actions
- Resolve legal and risk management issues that arise in the source of contract and purchase order negotiations with the aid of University Counsel's Office and Office of Risk Management and Insurance
- Review any and all aspects of a purchase requisition, including accuracy of specifications, so that the best interests of the University are served
- Assist units with the development of specifications for required products and services
Sustainable Purchasing

Introduction
Cornell formalized the commitment to campus sustainability in the 2010-2015 Cornell University Strategic Plan. As part of this plan, the practices used in purchasing goods ought to follow the new sustainable guideline set forth by Procurement and Payment Services (Procurement). Each purchase has an impact on the goals Cornell has set to achieve in the Climate Action Plan.

Making a Purchase
The preferred method for purchases, including those considered sustainable, is through e-SHOP. The goods in e-SHOP contain product flags to make it easier for you to identify green certified, recycled, and Energy Star products.

Green certified includes products which are labeled under green or sustainable certification processes, excluding Energy Star or recycled goods. These products meet a standard including, but not limited to: Green Seal, EPEAT, Forest Stewardship Council (FSC), and Sustainable Forestry Initiative (SFI).

Recycled content products are made from pre-consumer or post-consumer material diverted from the waste stream.

Energy Star products are labeled and certified by government-backed program. Energy Star helps businesses and consumers protect the environment through energy efficiency. Look for the energy star label.

Energy Efficient Purchasing
To meet the desired results of the Climate Action Plan and our commitment to sustainability, Cornell University has implemented a plan for purchasing energy efficient products. The university has pledged to make a dedicated effort to purchase products that are Energy Star certified or meet the performance requirements for Energy Star certification. This practice includes but is not limited to the purchase of computers, appliances, electronic equipment, and food service equipment.

It is the responsibility of each purchaser to select products with this label. Search for products in e-SHOP with the Energy Star flag to find the good you need which meets the certification standard.

Visit the Energy Star web site at energystar.gov/index.cfm to see for yourself the savings in energy cost by using these certified appliances and models. For more information on sustainable purchasing and recommended products, visit the Procurement Services web site at https://www.dfa.cornell.edu/procurement/about/initiatives/sustainability/purchasing.

Life Cycle Cost Analysis
Life Cycle Cost Analysis focuses on evaluating the economic performance of a building including the building process, operation, and maintenance over its useful lifetime. Tradeoffs are made between the initial costs and long-term savings made through choices such as energy efficient purchasing.
Although this analysis is related to sustainability it is not identical. For life cycle cost analysis, the focus is on cost-efficient building design and production. Solutions determined through this analysis may be environmentally beneficial. Particular designs which save energy or water will often result in a long-term cost savings.

Life-cycle costing is also applied to the purchasing of appliances and equipment on a smaller scale. When making purchasing decisions, you are encouraged to buy products which exceed the minimum efficiency standards set by the Department of Energy. ENERGY STAR has created comprehensive techniques to identify energy-efficient products that offer savings on energy bills without sacrificing performance.

Due to the continuous updates to the standards, we ask that you refer to the links below to find the current standards. Appliance and equipment purchases made at Cornell should meet the listed Energy Star standard at a minimum.

**Department of Energy Standards:**

**Energy Star Standards:**
  - Select the product type
    - Select the specifications tab
      - Utilize the product criteria link for the Energy Star Standards
Contracts

Definition. A contract is an agreement between two or more parties describing terms and conditions. The term “contract” is defined in this context as various agreements related to the procurement of equipment, supplies or services. These contracts should not be confused with the construction contracts that are administered by the Unit of Contracts Management.

If the contract poses a substantial risk, the Procurement Agent may request additional review by the Office of University Counsel and/or the Department of Risk Management and Insurance. Review of documents can take anywhere from two weeks to several months depending on the complexity and the amount of negotiation required. Units are strongly encouraged to involve Procurement and Payment Services (Procurement) as early as possible, certainly in advance of submitting a final requisition with a contract.

Roles and Responsibilities for Contract Review, Approval, and Signature

End-User:
1. **Do not sign any vendor’s contract.** Only an authorized Procurement Agent may sign a contract per University Policy 4.2, Transaction Authority and Payment Approval.
2. Review the vendor’s contract.
3. When using a Cornell contract template, initial, sign and date as required on the template.
4. All requests for exceptions to the standard insurance requirements must be approved by the Department of Risk Management and Insurance. To request an exception, submit a detailed scope of work and a clear explanation of the circumstances to Risk Management and Insurance. Please be sure to include any relevant information, such as data analysis, ownership of intellectual property, and requirements/detail from sponsored funds agreement. Please provide advance notice for review of the exception request. The Cornell unit should contact Risk Management and Insurance at risk_mgmt@cornell.edu or (607) 254-1575.
5. Send the contract to the BSC with the request for a requisition. **By submitting the contract, or authorizing another staff member to do so, you attest that you take full responsibility for understanding the business terms and conditions of the contract, i.e., timing, payments, cancellation fees, etc. Any liabilities that result due to the failure to meet the business contractual terms will be the responsibility of the end user’s department or college.**

Business Service Center:
1. Review and attach the contract to the requisition.
2. Procurement and Payment Services hereby delegates signature authority for contracts totaling less than $25,000 to the directors of the financial transaction, administrative service, and business service centers and their designees for the following contracts and addendums only:
   a. Caterer
   b. Facility and Hotel Event Management Addendum
   c. Performer without Equipment
   d. Performer with Equipment
   e. Small Service Provider
   f. Service Provider for Graphic Design, Web Design, Videography
   g. Service Provider for Photographic, Illustrator, Artist
   h. Service Provider for Writing, Editing, Indexing
i. Service Provider for Deaf or Foreign Language Translation
3. The BSC director/designee should attach a copy of the signed contract (per number 2 above) to the requisition.
4. All vendor contracts must be submitted to Procurement for review and approval by a procurement agent.
5. Any revisions to Cornell’s standard contracts must be submitted to Procurement for review and approval by a procurement agent.
6. If you have received approval for contract revisions from Risk Management or Counsel’s Office, attach the approvals to the KFS requisition.

**Procurement and Payment Services:**
1. The Procurement Agent is responsible for reviewing the business and legal aspects of the contract and for negotiating terms and modifications
2. Request additional review by the Office of University Counsel, as needed
3. Sign the agreement on behalf of the University
4. Send the contract to the vendor with the purchase order

### Requirements for Initialing and Signing Contracts

<table>
<thead>
<tr>
<th>Contracts for Services</th>
<th>Unit Initials – each page</th>
<th>Unit Initials – last page</th>
<th>Unit Signature</th>
<th>BSC Director or Designee Signature &lt; $25,000</th>
<th>Procurement Signature</th>
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Types of Lease Programs

At times it is necessary or preferable to lease assets, e.g., equipment, computers, vehicles, or real estate, rather than to purchase the assets outright. For all real estate leases, contact the Real Estate Department. For all other lease types, refer to the lease classification criteria and flowchart provided by General Accounting on their website at https://www.dfa.cornell.edu/accounting/topics/lease-classification to determine if it is an operating or capital lease. For capital leases, complete the Summary of Accounting Treatment form and submit it to DFA General Accounting at dfa-generalaccounting@cornell.edu.

Internal Lease Program
The University implemented an internal lease (loan) program for departments to purchase equipment and to pay for the equipment in installments. This program was established to assist departments in purchasing equipment instead of entering into expensive external lease agreements.

- Managed by the University Treasurer’s Office
- Department purchases equipment outright from the supplier
- Debt payments are over the useful life of the asset (plant accounting office prepares journal entry on monthly basis)
- Loan is a variable rate loan (adjusted annually) based on the University’s cost of borrowing
- Competitive interest rates
- Note: A unit representative with external transaction authority for the dollar amount of the purchase is required to sign the lease agreement.
- If the loan is less than $100,000, the loan is approved immediately.

The loan application is available on-line at https://www.dfa.cornell.edu/treasurer/debt/internal-debt/leaseloan-equipment.

External Lease Program
Procurement and Payment Services (Procurement) implemented an external lease program for departments that do not intend to own the asset and will return it at the end of the lease. This program is only available for items which cost over $50,000.

- Managed by Procurement through University Lease
- Operating lease with no asset transferred to Cornell University after end of lease
- Pre-approved lease program with negotiated rates and terms
- Ability to work with any preferred vendor or other equipment vendor
- Easy access to rates and payments through a secure, Cornell-restricted access Web site

Procedure:
- End User/Unit obtains a current, written price quote on the purchase price of the required equipment. The normal procurement process will apply in obtaining the price quote (e.g., bids, preferred supplier, single/sole source justification). End User/Unit notifies the supplier that the equipment will be leased through University Lease.
- End User/Unit contacts Procurement. Procurement will contact University Lease and provide them with a copy of the quote, the length of the lease and whether the payments will be monthly, quarterly or annually.
University Lease prepares the lease documents, providing the original to Procurement. Procurement will send the documents to the end user.

End User/Unit initiates an IWNT DOC for University Lease covering the lease for the selected length and payment schedule.

Procurement approves the requisition and sends the purchase order and signed lease documents to University Lease.
Internal Borrowing Guidelines

The University’s internal borrowing guidelines are guiding principles to effectively utilize capital resources, including debt financing, in achieving the mission and goals of the University while minimizing the cost of funds. It is the responsibility of the unit sponsoring a capital project that requires debt financing to ensure that the project has a formal funding plan as well as a contingency funding plan. Contingency plans are particularly essential in projects that anticipate debt repayment from gifts or other sources of funding with an element of uncertainty regarding timing or magnitude. The basic guidelines are as follows:

- For loans under $500,000, amortization period is five years or less
- For loans under $1,000,000, amortization period is 10 years or less
- Loan repayment period cannot exceed the life of the financed asset. Maximum loan period is 30 years or the term of the underlying debt instrument, whichever is shorter.
- Interest is paid during construction period; principal and interest amortization will begin within one year of project completion (e.g., certificate of occupancy)
- Compounding of interest will be available only on projects with a repayment source not available during construction (e.g., gift pledges or revenues to be generated by the completed project) greater than $5 million and pre-approved by Planning and Budget and Treasurer’s Office
- All projects must have a formal funding plan and a contingency funding plan (backstop repayment source)
- Certain exceptions to these guidelines can be approved by the Division of Planning and Budget and the Office of the University Treasurer under extenuating circumstances

Internal Borrowing Guidelines may be reviewed on the University Treasurer’s Web site at http://www.dfa.cornell.edu/treasurer/debt/internal-debt/internal-borrowing.
Small and Diverse Business Programs

Cornell University endeavors to promote the development of mutually beneficial business partnerships so that Small, Small Disadvantaged, Woman-Owned, Veteran-Owned, Service-Disabled Veteran-Owned, and HUB Zone business concerns (hereafter collectively referred to as “small/small disadvantaged business concerns”) have competitive access to participate under Cornell University's procurement of materials, supplies, and services consistent with effective and economic purchasing practices.

Cornell University's departments and purchasing personnel should plan purchases in a manner that encourages participation by small business concerns, including economic quantities, reasonable delivery schedules and allowing sufficient time to these types of business enterprises to submit bids. When mutually beneficial, Cornell University will provide assistance to small/small disadvantaged business concerns.

You may wish to review the definitions for the above categories in the Federal Acquisition Regulation (http://www.arment.gov/far/) 19.7 or 52.219-8. If you have difficulty ascertaining your size status, please refer to the Small Business Administration's (SBA’s) web site (http://www.sba.gov/contractingopportunities/officials/size/index.html), or contact your local SBA office.
Cornell Sustainable Campus

Cornell University supports research, scholarship, and the practical application of knowledge that address one of humankind's greatest challenges: achieving a sustainable world for all.

The university's specific commitment to campus sustainability was recently formalized in the new 2010-2015 Cornell University Strategic Plan. The plan calls for sustainability to be a guiding principle in all campus operations and specifically the implementation of the Climate Action Plan and Comprehensive Master Plan. For information on teaching, research, and outreach for sustainability visit the Cornell Sustainability Portal.

Progress in campus sustainability requires participation and innovation from every corner of campus. From the links below you can learn about the diverse efforts of student organizations, staff green teams, and the Cornell Assemblies' three sustainability committees. In particular, the Presidents Sustainable Campus Committee and the Sustainability Office, along with 10 President's Sustainable Campus Committee Focus Teams, play important roles in the coordination and support of these efforts.

For more information, visit http://www.sustainablecampus.cornell.edu/about/. For information on the Purchasing Team, visit http://www.sustainablecampus.cornell.edu/about/#purchasing.
Surplus Program

The Cornell Asset Transfer System (CATS) replaces the capital asset surplus listing. CATS allows units to post excess and scrap items online and make them available to other units. Units can post and browse ads for available and wanted Cornell capital and non-capital items only. **Personal items may not be posted on this system.**

All policies still apply, including those related to transferring and disposing capital assets. For information on asset policy, see [University Policy 3.9, Capital Assets](#).

**Note:** Before capital asset items are posted, they will be routed automatically to Capital Assets for review.

For questions, contact DFA Capital Assets Department via telephone at (607) 255-9872 or 255-9464 or via e-mail at Uco-capasset@Cornell.edu.

For more information on R5 Operations: Respect, Rethink, Reduce, Reuse, Recycle visit [http://r5.fs.cornell.edu/](http://r5.fs.cornell.edu/).

The Office of Government and Community Relations coordinates equipment requests from the off-campus community. You are required to notify and gain approval from Community Relations before a gift can be made to an individual or outside agency. You may contact them via telephone at 255-4908 or via e-mail at community_relations@cornell.edu for more information.
Ethyl Alcohol

Ordering and Control

Cornell must comply with federal laws set by the U.S. Department of Treasury when purchasing Ethyl Alcohol. Special procedures are in effect to govern the ordering, use, control and reporting of tax-free alcohol required for University use.

End user/Unit/BSC:
All locations where Ethyl Alcohol will be used or stored must appear on Cornell's license to buy tax-free alcohol. To have a new location added or to delete a location no longer applicable to the license, please contact Procurement and Payment Services (Procurement).

Procurement will maintain the license for ethyl alcohol, including annual renewal.
Entry Permits USDA

Cornell must comply with the federal laws that govern plant material, seeds and animals purchased from outside the limits of the United States. The requisitioning department will be responsible for obtaining the necessary U.S. Department of Agriculture Entry Permits. The Address to obtain the proper permit is:

USDA
APHIS-PPQ
Federal Building
Hyattsville, MD 20782
Isotopes and Radioactive Materials and Items Requiring Radiation Safety Approval

Prior to purchase, radioactive materials and items which either use radiation sources or produce radiation must be approved by the Office of Environmental Health and Safety (EH&S), Radiation Safety. The KFS requisitions for radioactive materials are automatically routed to EH&S for approval based on the UNSPSC classification.

End User/Unit/BSC:
1. Radioactive Material
   - Radioactive Material may be purchased with a purchase order through KFS or through e-SHOP. Use of a procurement card is not permitted.
   - The ship-to address of the requisition must list EH&S as the destination. Enter the permit holder on the attention line in the ship-to address.
   - Only authorized personnel within a unit may call Procurement and Payment Services for an emergency order number or confirming order for radioactive material.

2. Sealed sources, Instruments containing sealed sources, and Radiation producing equipment
When the unit needs to requisition any items that fall under the following list of categories, early development of specifications should be coordinated and approved through the responsible representative of EH&S (Radiation Safety). Contact them at 255-7397 or 254-8300.

The Procurement Services’ agent will ad hoc route the requisition to the EH&S radiation specialist for approval.

Category List
   - Nuclear Density Gauges,
   - Gas Chromatographs (GC)
   - Electron Capture Detectors (ECD)
   - Liquid Scintillation Counters (LSC or LS)
   - X-Ray Equipment
   - Electron Microscopes
   - X-Ray Diffractors
   - X-Ray Accelerators
   - TEM’S
   - SEM’S
   - Static Eliminators
   - Neutron Moisture Probe
   - Defibrillators
   - Implanter
   - XPS-X-Ray Photo Spectrometry
   - SIMS-Secondary Ion Mass Spectrometry

The following radioactive commodity codes will route to Environmental Health & Safety for review:
   - 12142200 Isotopes
   - 12142202 Heavy water
   - 12142203 Alpha sources
   - 12142204 Beta sources
   - 12142205 Cobalt sources
• 12142206  Gamma sources
• 12142207  Radioisotope sources
• 12142208  Calibration sources
• 41103301  Liquid scintillation counters
• 41106006  Radio nucleotides or nucleosides
Laminar Flow and Fume Hoods

To ensure that the hood is adequately designed to handle the research for which it is being used, Environmental Health and Safety must approve all chemical fume hood, biosafety cabinets and laminar flow clean bench purchases. In addition, all vented hoods must be approved by Facilities Engineering.

End User/Unit/BSC:
The requisition is processed normally. A notation that this is a laminar flow and/or fume hood is entered on the requisition. Individuals should contact EH&S for their advice before submitting the requisition or pre-approval.
Narcotics

The procurement of Narcotics requires a permit from the Drug Enforcement Administration (DEA)

End User/Unit/BSC:
It is the unit’s responsibility to obtain a permit. Each requisition for controlled substances (Narcotics) must be accompanied by a properly prepared DEA form signed by the permit holder. If the vendor does not currently have a copy of the permit, then a copy of the permit must accompany the requisition. The vendor will not ship the items without a copy of the permit on file. For more information, visit www.usdoj.gov/dea.

Procurement and Payment Services has no responsibility for the permit.
Orders for Lab Animals

Cornell purchases a variety of animals for research and teaching that are housed in campus facilities. All animals must be received, housed and cared for in compliance with federal and state regulations as well as Association for the Assessment and Accreditation of Laboratory Animal Care International (AAALAC) guidelines. It is the responsibility of each Animal Facility Manager to adhere to these regulations.

Each department/college/unit has specific individuals who purchase animals. If a department/college/unit needs to order animals, the purchaser must coordinate the order through the animal facility manager responsible for the animal facilities where the animals are to be housed. Purchase orders will be routed based on UNSPSC classification to the appropriate approving authority.
Respiratory and Hearing Protection

Cornell’s Office of Environmental Health and Safety maintains programs for respiratory and hearing protection. Before a worker may use this protective equipment, the environment they work in may need to be evaluated for particular hazards. In all cases, respiratory and other protective equipment needs to be properly selected and individually fitted for each worker. The Office of Environmental Health and Safety sells this equipment directly to University departments.

Prior to placing an order for the purchase of any respiratory or hearing protection devices, contact Environmental Health and Safety for evaluation and approval of the purchase. For further information, please contact Procurement and Payment Services (255-3804) or Environmental Health and Safety (255-5623).
Poison Inhalation Hazards

Poison inhalation hazards are normally gases or liquids which form gases at room temperatures and have an NFPA or CERCLA rating of 3 or 4. To ensure that these gases are received, stored and used in a safe manner with the proper engineering controls and conforming to inventory reduction regulation, prior approval from Cornell’s Office of Environmental Health and Safety (EH&S) is recommended. For additional information please refer to the EH&S web site.

End User/Unit/BSC:
It is the unit’s responsibility to contact EH&S prior to ordering, receiving, or storing gases. The requisition is processed normally.
Energy Procurement

Statement: Cornell University’s administration is authorized to procure energy, energy related financial instruments (both physical and financial) and power purchase agreements with the intent of reducing volatility and controlling costs. This requires the procurement of certain energy hedges, some of which will extend across multiple fiscal years. The Utilities and Energy Management sections (of Facilities Services’ Energy and Sustainability Department) cost of energy procurement will be applied to all central Utilities and Energy Management customers through the appropriate utility rate.

Purpose: Allow forward purchases in energy (physical or financial) and power purchase agreements to control and stabilize energy costs.

Goals of this policy include:
- Limit transaction risk and size
- Give guidance on diversification of the energy portfolio
- Define the approval processes

Entities Affected by This Policy
- All Ithaca campus units that receive energy services via Cornell Utilities and Energy Management
- Division of Financial Affairs
- Office of Budget and Planning
- Office of the Treasurer

Authorization: The aggregate of energy-related contracted cash flows shall not exceed $36 Million in any fiscal year. The aggregate present value of the energy portfolio shall not exceed five (5) times the projected annual value of the energy spend of approximately $180 Million.

Authorized Instruments
The following instruments are authorized and may be used independently or in combination:

1. Purchasing contracts for physical delivery or financial settlement over multiple year windows.
2. Establishing energy reserves in the Utility budget to cover variability in annual energy expense. These reserves will be funded by utility rates.
3. Purchasing of futures (either over-the-counter or exchange backed) from an energy broker. Such instruments may be taken to physical delivery, if necessary, with a pre-specified delivery point.
4. Purchasing derivatives (swaps, collars and options) in the over the counter markets.
5. Purchasing weather derivatives, based on an over the counter swap contract using degree days or other weather based statistics.
6. Entering into long term (not to exceed 50 years) power purchase agreements (or equivalent financial instruments) for energy.

Use of Consultants
When buying in the forward energy markets, an independent third party consultant may be retained to give advice on pricing, counterparty credit, portfolio management, and to develop portfolio performance reports. A portfolio manager may be retained to establish
recommendations to meet the policy guidelines, manage the layering, prepare any solicitations and execute the rollover of the instruments.

**Oversight** Requests for approval shall be presented with an analysis of the following:

A. An explanation of the proposed purchase  
B. The aggregate present value of contracted cash flows and pro forma projections  
C. Project risks and benefits  
D. Demonstrate compliance with buying manual or request for exception

Requests for approval (and exception) will be made by the Vice President of Facilities Services to the Vice President for Finance and CFO.

**Advisory** The Energy Risk Oversight Committee (EROC), with representatives from Utilities and Energy Management, Procurement Services, Treasury, Budget, the Investment Office and major customers. The committee chair shall be the Associate Vice President of Energy and Sustainability or another designate from Energy and Sustainability. This committee will perform the following:

- Evaluate the performance of the energy portfolio on an annual basis and report to the CFO.  
- Meet with representatives of Utilities and Energy Management to discuss strategy and manage the implementation process.  
- Recommend all hedge requests and annual budgets for fuel and electric rates.

**Strategy** The strategy to guide the Energy Risk Oversight Committee (EROC) includes:

- Fuel instruments shall not have terms longer than 5 years.  
- Renewable energy power purchase agreements shall not have terms longer than 50 years.  
- Energy portfolios shall be layered over time in order to diversify the portfolio and minimize the financial impact on annual budget cycles.  
- The goal of natural gas hedging is to provide relative price certainty for budget purposes.

**Other rules related to Portfolio Management**

- The University may hedge energy using futures purchased in its name or purchased on account by a third party.  
- Instruments for physical delivery will be competitively procured when possible.  
- No more than 15% of the value of any instrument shall be paid in advance of delivery or the equivalent closings.  
- To the extent possible, positions shall be capable of being unwound if conditions change. This specifically allows the reselling of instruments and the resale of an energy commodity or its transportation basis on the secondary market.  
- Derivative based instruments (swaps, collars, options) will be written, to the maximum extent possible, in accordance with the International Swaps and Derivatives Association’s (ISDA) or the Edison Electric Institute’s master documents.  
- All transactions will be accounted for and audited in accordance with existing and appropriate accounting procedures.
Deviations to this policy within the limits of transaction authority may be approved by the Vice President for Finance and CFO.

Requirements for Counterparties
Counterparties for energy instruments where payment is made at or after physical delivery will have a minimum credit rating determined by the Senior Director of Procurement Services.

For instruments where the commodity is not to be taken to physical delivery, or significant payment (>5%) is to be made prior to physical delivery, the counterparty must have a credit rating of "A3" as defined by Moody's Investor Service or "A-" as defined by Standard & Poor's. For counterparties with a split rating, each rating must be at least at the minimum of A3 or A-.

Exceptions to these requirements are permitted with approval from the Vice President for Finance and CFO.

Transaction Authority
The Vice President for Finance and CFO has transaction authority for the purchase of energy or energy instruments as defined in this policy.
Requisitioning of Signs

All signs located on Cornell property must be in compliance with Cornell's Sign Program policies and specifications and must conform to existing zoning and sign ordinances. Development of specifications for signage must be coordinated through the responsible representative as listed below:

<table>
<thead>
<tr>
<th>Sign Type</th>
<th>Responsible Representative</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exterior Building Mounted Cast</td>
<td>Customer Service Humphreys Service</td>
<td>255-5322</td>
</tr>
<tr>
<td>Aluminum Letters</td>
<td>Building</td>
<td></td>
</tr>
<tr>
<td>Interior Signage and Graphics</td>
<td>Customer Service Humphreys Service</td>
<td>255-5322</td>
</tr>
<tr>
<td>Building</td>
<td>Building</td>
<td></td>
</tr>
<tr>
<td>Traffic Control Signs</td>
<td>Transportation &amp; Mail Services</td>
<td>255-4600</td>
</tr>
<tr>
<td>116 Maple Avenue</td>
<td>Building</td>
<td></td>
</tr>
<tr>
<td>Temporary Signs: Construction Projects</td>
<td>Transportation &amp; Mail Services</td>
<td>255-4600</td>
</tr>
<tr>
<td>116 Maple Avenue</td>
<td>116 Maple Avenue</td>
<td></td>
</tr>
<tr>
<td>Temporary Signs: Special Events,</td>
<td>Transportation &amp; Mail Services</td>
<td>255-4600</td>
</tr>
<tr>
<td>Conferences, Orientations, etc.</td>
<td>116 Maple Avenue</td>
<td></td>
</tr>
<tr>
<td>All Other Exterior Signs</td>
<td>Transportation &amp; Mail Services</td>
<td>255-4600</td>
</tr>
<tr>
<td>116 Maple Avenue</td>
<td>116 Maple Avenue</td>
<td></td>
</tr>
</tbody>
</table>

The department must contact the appropriate Sign Program representative (as listed above) to coordinate the development of the sign specifications for compliance with policy. When the specifications are finalized, the department may request that Procurement and Payment Services (Procurement) obtain pricing and delivery information. Procurement will then process the Request for Quote or the requisition.
Recycling and Disposal of Equipment

To provide for the proper methods of disposal for refuse and materials destined for waste disposal, the University has implemented a recycling program to comply with all applicable regulations.

Solid Waste Management is a program of the Grounds Department. The primary goal of the program is to provide environmentally sound solid waste disposal alternatives to the Cornell campus. The program promotes reduction and reuse of materials in addition to offering a comprehensive, convenient recycling program that even includes free removal and recycling of old computers.

For a list of equipment accepted for disposal, please consult the Grounds Department’ Recycling web site at http://www.fm.cornell.edu/fm/recycle/fmn_recycle.cfm.

For more information, contact the University Solid Waste Manager at recycle@cornell.edu.
Use of Cornell Logo, Name & Insignia

The purpose of this policy is to advise schools, units and organizations of procedures for processing orders that involve the use of Cornell’s name, logos, trademarks, insignia, or nicknames on items such as T-shirts, mugs, hats, memorabilia, and other clothing and products.

“Most major colleges and universities, including Cornell, have a licensing program that regulates the use of school names, trademarks, insignias, Logos, etc. on merchandise produced for use by college and university units and students groups, or the sale on and off campus. Cornell participates in national and international licensing programs administered by the Collegiate Licensing Company (CLC). These programs prevent bootlegging and insure that Cornell names and artwork are used on only those products approved by the University.”

The User/Unit/BSC is responsible for getting approval from Cornell’s Office of Communications, which is the responsible entity for approving and screening requests for logo approval. You may also visit the website, http://cornelllogo.cornell.edu/ for guidelines on using the Cornell logo or insignia, or to acquire a copy of the approval form.

Any club, organization, or university department that wishes to use the Cornell name or artwork on novelty items such as mugs, pens, shirts, etc. must obtain written approval from the Student Activities Office. The Cornell Name and Artwork website (http://dos.cornell.edu/sleca/event-planning/use-of-cornell-name-logo-artwork) which explains the procedure and allows you to download the appropriate form. This form is available electronically at http://dos.cornell.edu/sites/dos.cornell.edu/files/sleca/documents/Use-Cornell-Logo.pdf.

For your request to be approved, you must select a manufacturer that is licensed by Cornell University or the Collegiate Licensing Company. A list of licensed manufacturers is available from the Student Activities Office, 521 Willard Straight Hall, the Office of University Communications, 308 Day Hall or can also be found online at http://cornelllogo.cornell.edu/downloads/Licensed_Companies.pdf or http://cornelllogo.cornell.edu/list.cfm.

Please do not attach the approval form to the requisition. You may mention that you have approval from the Office of Communications in the “Department Notes” section of the requisition.

- A separate request form must be submitted for each manufacturer selected. Because your signature and artwork are required, this request must be submitted in writing.
- Once approved, a copy of this form and artwork must be presented to the manufacturer before the items can be ordered.
- Please note that an approved design will not require subsequent review and approval provided a licensed manufacturer is used and there is no change in the design.
- Generally, approvals will not place limits on the quantity of goods to be produced.
If you have any questions or need assistance, contact:

General logo questions: identity@cornell.edu or 607-255-1167
Web guidelines and graphics: identity@cornell.edu or 607-255-3854
Audio visual guidelines: tv33@cornell.edu or 607-254-3369
Merchandise guidelines: ffp1@cornell.edu or 607-255-1573
New York State Appropriated Orders

Funds Procedures

Orders that are funded by New York State (NYS) appropriated funds must comply with both Cornell University policy and New York State policy. Please review the individual grant requirements prior to procuring goods and/or services.

New York State Contracts

The New York State Office of General Services Procurement Services Group (OGS) establishes contracts for commodities, services, and technology. These contracts are available for use by eligible entities across New York State. These contracts are established through a competitive bidding system and awarded on the basis of lowest price and/or best value to a responsive and responsible vendor. Most OGS contracts can be used to make direct purchases. All requisitions should include the OGS customer number and the NYS contract number.

New York State Preferred Sources

To advance special social and economic goals, New York State grants certain providers a “preferred source” status under the law. The purchase of commodities and/or services from Preferred Sources is exempted from statutory competitive procurement requirements. State University of New York (SUNY) defines preferred sources as the correctional industries program of the New York State Department of Corrections, approved charitable non-profit agencies for the blind, any employment program serving mentally ill persons which is operated by the New York State Office of Mental Health, any qualified charitable non-profit-making agency for severely disabled persons approved by the New York State Commissioner of Education, or veterans workshops operated by the United States Department of Veterans Affairs and approved by the New York State Commissioner of Education. Appropriate backup information designating the vendor as a preferred source must accompany the requisition.

Resources

For assistance with these orders, please contact procurement@cornell.edu or the Procurement Services Help line at 254-5300.
Orders Using Sponsored Funds

Orders that are funded by Sponsored Funds (KFS fund group CG) must comply with both Cornell University policy and the policies of the sponsor and/or the federal government.

Agency Specific Terms

There are frequently used terms and conditions associated with a particular funder (e.g., the federal government) or agency (e.g., USDA). These terms are typically contained in the sponsored agreement either explicitly or by reference. Federally-funded acquisitions must also be in accordance with the Cost Principles (OMB Circular A-21) and the Administrative Requirements for Grants and Agreements (OMB Circular A-110). The End user and their unit must be aware of the requirements of their particular award and must notify the BSC of any special requirements that must be referenced on the purchase order.

Frequent terms seen in sponsored agreements include:
- Need for diverse spending to groups such as MBE, WBE, etc.
- Lease-purchase analysis as part of the justification of the acquisition
- Inclusion of certain award-specific terms and conditions in the purchase document

Some purchase requisitions on sponsored funds may be pre-reviewed by Sponsored Financial Services to assist in compliance with sponsor requirements.

If you have further questions about a particular procurement or award, please contact Sponsored Financial Services or Office of Sponsored Programs.
Artwork Loans and Purchases for the Herbert F. Johnson Museum of Art

The Herbert F. Johnson Museum of Art (Museum) purchases and/or borrows works of art. Because the Museum routinely conducts such transactions, the Museum is not required to utilize a purchase order for such transactions as long as the following conditions are met.

Conditions for Purchase Order Requirement Exception
1. The Museum will determine the artwork authenticity prior to finalizing a purchase or loan agreement with a vendor.
2. The Museum will execute an Acknowledgement of Objects Received form as they take possession of artwork.
3. The Museum will place the artwork under its Museum Collection and Temporary Loans insurance policy prior to taking possession of the artwork. (Note: The Museum Collection and Temporary Loans insurance policy is maintained by the Office of Risk Management and Insurance.)
4. The Museum will add all artwork purchases to its department artwork inventory.
Editors, Indexers, and Designers for Cornell University Press

Cornell University Press will utilize a generic Independent Contractor Agreement for all editors, indexers, and designers. The agreement template will incorporate the standard terms and conditions of a purchase order, i.e., insurance and indemnification, necessary to protect the University and mitigate any possible risk.

With a contract, CU Press may pay editors, indexers, and designers, using the disbursement voucher method. Because these individual’s exercise complete independence in their edits of University Press manuscripts, provide service to multiple customers and university press organizations, do not provide service on the Cornell campus, and do not receive tools or training from the University, the University Tax Office has waived the service provider questionnaire and evaluation worksheet requirements for these service providers only.

Cornell University Press may not pay anyone, who is currently a Cornell employee or who has been a Cornell employee in the past calendar year, for editing, indexing, or design services via disbursement voucher or purchase order.

The University Business Service Center and CU Press will ensure that the vendors are properly registered as disbursement voucher vendors with valid IRS Form W-9 and ACH registration.
Export Controls

Export Control Laws are a set of federal regulations that restrict the release of certain items, information and software to foreign nationals in the United States and abroad. Those regulations are the Export Administration Regulations (EAR) and International Traffic in Arms Regulations (ITAR), as well as regulations administered by the Office of Foreign Assets Control (OFAC).

Cornell University is fully committed to compliance with all U.S. Government export control laws and regulations.

Export Compliance is the responsibility of all Cornell University faculty and staff. All personnel retained by or working at, consulting to, or volunteering for the University must comply with the Cornell University Export Compliance and Management Plan while teaching, conducting research or providing service activities at or on behalf of the University.

Penalties for non-compliance with export control laws are severe and impact both the institution and the researcher. If an export control violation is determined by an investigating agency, an individual may be subject to civil and criminal penalties, and Cornell may be subject to, among other penalties, debarment from government contracts.

The Office of Sponsored Programs, under the direction of the Office of the Vice Provost for Research, is responsible for helping the University community understand and comply with export control laws and regulations. For additional information, tools to assist in determining how the regulations apply to your activity, and contact information for assistance with export control concerns, please visit http://www.oria.cornell.edu/export/ or email exportcontrols@cornell.edu.

End-User Responsibilities

1. When receiving a quote, contract or agreement from a supplier with terms and conditions that include an Export Control clause, you must contact the Export Control Manager for review of the clause prior to attaching the contract to an I Want Doc or sending the request to your Business Service Center to process a requisition.

2. Please send an email with the contract attached to exportcontrols@cornell.edu. Please include the vendor name, vendor contact person, email and phone number, name of the department, department contact name, email, phone number, quoted item description and how they are using the item, persons that will have access to the item, or will be using the item. Below is a sample email to send to Export Control at exportcontrols@cornell.edu.

Please review the contract regarding the terms and conditions for (vendor name/ e-doc number). There is an export section in the company’s terms and conditions that needs review. Included is the quote, terms, name of the lab, department contact, quoted item description and how they are using the item. Please respond with approval so a purchase order can be processed.

3. Once you receive approval, you may submit the I Want Doc to your BSC and attach the email approval and the quote, contract, or agreement.
Export Control Manager Responsibilities

The Export Control Manager will review the contract for the Export Control clause.

Procurement and Payment Services Responsibilities

Once Export Control has given the authorization to proceed, Procurement Services will then review the remaining terms in the agreement.

For Help, Please Contact:
Office of Sponsored Programs
T: 607-255-5337
E: exportcontrols@cornell.edu
Technology Risk Assessment

Cornell University expects all stewards and custodians of information technology (IT) systems and services to develop, manage, and use those systems and services in a manner consistent with the university's requirements for data security, data confidentiality, and business continuity. In support of this charge, Cornell has developed an IT Governance Framework based on formal policy and delegated responsibilities.

When investigating the purchase of a new product or service, especially ones that may handle any regulated data types (see link below), you should engage the Information Technology Security Office (ITSO) as early in the process as possible. Ideally, the ITSO must be contacted at least four weeks before a purchasing decision is made.

End User Responsibilities

1. When investigating the purchase of a new product or service, especially ones that may handle any regulated data types, you should engage the ITSO as early in the process as possible. Ideally, the ITSO should be contacted at least four weeks before a purchasing decision must be made.

2. Review the regulated data types. Consult your local IT support representative for assistance with this process.

3. To request a Technology Risk Assessment, complete the request form, which is available at http://it.cornell.edu/tra-request. Login with your Cornell credentials.

4. Once you receive an email with IT’s approval to proceed with the purchase, attach the IT Security email to your I Want Doc or attach it in Image Now with your pcard receipt.

For more additional information on the security assessment process, refer to CIT’s website at https://it.cornell.edu/support-provider-security/security-assessment.

For additional information on IT Governance refer to https://it.cornell.edu/itgovernance-project-management/1-it-governance-framework?utm_source=sidebar&utm_medium=kba&utm_campaign=article-list?utm_source=sidebar&utm_medium=kba&utm_campaign=article-list.
Graphics Procurement

When purchasing printed material, units must adhere to Cornell's Visual Identity, Style Guidelines and Logo Approval for print and novelty/promotional items.

Cornell Visual Identity website http://www.cornell.edu/identity/

Cornell Logo website http://www.sao.cornell.edu/SO/logo.php

The Office of Publications and Marketing is responsible for overseeing the university's visual identity for proper use of the Cornell logo and style guidelines. Publications and Marketing is staffed with writers, editors, and graphic designers who can work with you to create print and electronic communications that reflect Cornell's strategic goals. Please contact Publications and Marketing at 255-4945 to discuss your needs.

Cornell Photography http://imagelibrary.photo.cornell.edu/ website link:
- Purchase Cornell Images

Cornell Digital Print Services http://www.cbsdscornell.edu/ website link:
- Cost-effective, high quality copy & digital color printing
Arts and Sciences’ Concert Series and Performances

Delegation of Signature Authority
This delegation of signature authority from the Senior Director of Procurement and Payment Services authorizes the Department of Music to sign contracts for a concert series on behalf of the University only if the contract has been reviewed by the Office of University Counsel.

This delegation of signature authority from the Senior Director of Procurement and Payment Services authorizes the Department of Performing and Media Arts to sign contracts on behalf of the University for performances at the Schwartz Center only if the contract has been reviewed by the Office of University Counsel.

All modifications other than dollar value or performance date will be reviewed by the Office of University Counsel and the Office of Risk Management and Insurance.

Signature authority for the College of Arts and Sciences’ concert series, performance artists, and major events up to $100,000 is granted to:
- Deborah Justice, Concert Series Manager, in the Department of Music
- Judy Virgilio, Administrator, in the Department of Performing and Media Arts

Policy Exception
The University Tax Office has consented to allow the Department of Music to engage former Cornell students or employees, utilize the Performer without Equipment contract, disregard the service provider attestation, and process the payment via disbursement voucher. This exception was approved by William D. Allen, Assistant Vice President of Tax and Financial Initiatives.

This exception to policy is granted to the Department of Music only. This exception is limited to an exemption to the service provider attestation and requirement that the individual be paid through the University Payroll Office.
Student and Campus Life’s Entertainment Contracts

Delegation of Signature Authority

This delegation of signature authority from the Senior Director of Procurement and Payment Services authorizes the Assistant Dean of Students and the Student and Academic Services Business Service Center Director to sign contracts for major events for students on behalf of the University only if the contract has been reviewed by the Office of University Counsel.

These contracts for major events require specific contractual language and review by the Office of University Counsel. These two departments host these events and work with both University Counsel and the Office of Risk Management and Insurance.

All modifications other than dollar value or performance date will be reviewed by the Office of University Counsel and the Office of Risk Management and Insurance.

Signature authority for the Office of Student and Academic Services and the Office of the Dean of Students for performance artists and major events up to $100,000 is granted to:

- Shura Gat, Campus and Community Engagement Program Coordinator
- Sharon Baum, Director, Student & Academic Services (alternate)
Paying for Services – Getting Started

A service is an activity in which labor is the major factor and not merely incidental to the production, acquisition, and/or delivery of a good. The procurement of services has unique requirements, and the first requirement is an evaluation of whether, based upon guidelines established by the Internal Revenue Services, the individual or entity providing the service should be classified as an employee or an independent contractor (vendor).

The next page contains a flowchart that will enable units to quickly determine whether they must contact another university office for guidance, appoint the service provider as an employee, or perform a service provider evaluation.

When a service provider evaluation is necessary, a questionnaire will be completed by the potential service provider. This Service Provider Questionnaire will enable the unit to evaluate whether a service provider should be classified as an employee or independent contractor. The evaluation and classification must be performed before engaging an individual or entity to perform services and before any services begin. It must be based upon IRS guidelines, not on administrative ease or relative costs.

Note: If the IRS reviews classifications and determines the service provider should have been classified as an employee, any costs associated with misclassification (taxes, interest, penalty) are the responsibility of the unit.
SERVICE PROVIDER EVALUATION DECISION FLOWCHART

Are you purchasing only goods with no service component?

<table>
<thead>
<tr>
<th>YES</th>
<th>Stop! This applies only to services.</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>Are the services &quot;specialized,&quot; e.g., real estate, insurance, as described in Section 201?</td>
</tr>
<tr>
<td></td>
<td>NO</td>
</tr>
<tr>
<td></td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>NO</td>
</tr>
<tr>
<td></td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>NO</td>
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<td></td>
<td>YES</td>
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<td></td>
<td>YES</td>
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<td>NO</td>
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<tr>
<td></td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>NO</td>
</tr>
<tr>
<td></td>
<td>YES</td>
</tr>
</tbody>
</table>

A Service Provider Evaluation must be performed. Read the general information section on the next page and then proceed to Section 701.
Service Providers – General Information

The following information does not apply to service providers appointed through Payroll.

Insurance
The service provider (vendor) is generally required to provide proof that they meet the university’s minimum insurance requirements if the performance of the service could result in liability to the University (i.e., services performed on university property). For information on the university’s minimum insurance requirements, see Section 405, Insurance Requirements topic within this manual. If you are unsure as to whether the intended service provider must provide proof of insurance, contact Risk Management and Insurance.

*Note:* Procurement and Payment Services (Procurement) maintains a list of vendors that have supplied proof of adequate insurance coverage, available at http://www.dfa.cornell.edu/procurement/buyers/insurance or you may check the Insurance tab on the vendor record in KFS.

Contracts
A contract must be executed between the service provider (vendor) and the university in order to establish mutually agreed upon terms and conditions of the transaction. The university’s purchase order is a legally binding contract that contains terms and conditions designed to protect the interests of the university.

When procuring services, it is often advisable to include terms beyond those in the Cornell purchase order’s standard terms and conditions, such as the scope of work or deliverables, acceptance criteria, identification of who will provide the services, etc. Contracts covering several specific types of services have been drafted by the Office of University Counsel and these documents will be used in conjunction with the purchase order. The contracts, listed below, can be found at http://www.dfa.cornell.edu/procurement/tools-forms/forms/contracts.

Unique Contracts for Services (with service provider attestation)
- **Addendum for Facility Contract Agreements** – use this agreement when utilizing a facility’s contract for event space rental. See chart below for details.
- **Caterer contract** – for use with caterers. See chart below for details.
- **Performer without Equipment contract** -- for use with individual service providers, such as entertainers, DJ’s, clowns, small bands. Caution: Contracts for major, public, entertainment events held in places such as Bailey Hall and Statler Auditorium must be reviewed by the Office of University Counsel; do not use the standard Performer or Small Services Provider contract.
- **Performer with Equipment contract** -- for use with individual service providers, such as entertainers, DJ’s, clowns, small bands. Caution: Contracts for major, public, entertainment events held in places such as Bailey Hall and Statler Auditorium must be reviewed by the Office of University Counsel; do not use the standard Performer nor Small Services Provider contract.
- **Service Provider contract** – for use with individual service providers, such as massage therapists, henna/face painting.
• **Service Provider contract for Graphic Design, Web Design, Videography** – for use with individual service providers

• **Service Provider contract for Writing, Editing, Indexing** – for use with individual service providers

• **Service Provider contract for Photographer, Artist, Illustrator** – for use with individual service providers

• **Service Provider contract for Deaf or Foreign Language Translation** – for use with individual service providers

• **Professional Services Search Firm Agreement Template** -- All final search firm agreements must be approved by Human Resources. The authorizing party must retain a copy of this contract. In addition, please forward a copy of this agreement, **completed and signed by the contractor and university representatives**, along with all relevant attachments, to Allan Bishop, Recruitment and Employment Center, 337 Pine Tree Road, Ithaca, NY 14850 and Glenn Morey, Cornell Procurement Services, 395 Pine Tree Road, Ithaca, NY 14850.

**Consulting Agreements**

• **Independent Contractor/Consultant agreement** – for use with *individuals* who have been evaluated and classified as independent contractors; covers such issues as tax and liability.

• **Professional Services agreement** – for use with business entities; covers such issues as tax and liability.

• **IT Professional Services agreement** – for use with business entities providing information technology and cloud computing services; covers such issues as tax and liability.

Finally, units with unusual business needs require **customized contracts**. Such contracts must be reviewed by the Office of University Counsel; therefore it is advisable to contact Procurement prior to initiating the purchase order. Additional information on contracts can be found in **section 502** of this manual.

**Note:** Procurement has negotiated university wide contracts with certain frequently used service providers. These vendors have already been evaluated and classified as independent contractors. For a list of these service providers, please see [http://www.dfa.cornell.edu/procurement/supplierlistview](http://www.dfa.cornell.edu/procurement/supplierlistview).

**Catering and Event Space Rental**

*Catering* occurs when a vendor prepares, sets up, serves or cleans up food on Cornell controlled property, including both facilities owned by Cornell and facilities (event space) that may be rented or leased and only under Cornell’s control for the period of the event (i.e., rental of a banquet hall). Catering should not be confused with simple *delivery* where no service is provided on site (i.e., pizza delivery).

Below are two charts which identify contract requirements, deposit and final payment options for catering only, event space rental, catering with event space rental.
### Catering Only

<table>
<thead>
<tr>
<th>Caterers with a University Contract</th>
<th>Dollar Amount</th>
<th>Contract Requirements</th>
<th>Deposit Options</th>
<th>Final Payment Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $10,000</td>
<td>The standard catering contract is not needed.</td>
<td>A deposit up to 50% of the total, not to exceed $5,000, may be paid via pcard.</td>
<td>The BSC may make final payment on a pcard. <strong>The total payment (sum of deposit and final payment) may not exceed $10,000.</strong></td>
<td></td>
</tr>
<tr>
<td>$10,000 or greater</td>
<td>The standard catering contract is not needed. PO is required. A Quote/scope of work must be attached to the requisition.</td>
<td>After the PO is issued, a deposit up to 50% of the total, not to exceed $10,000, may be paid via pcard.</td>
<td>Final payment to be made through the PO process.</td>
<td></td>
</tr>
</tbody>
</table>

| All Other Caterers | Up to $10,000 | Use Cornell's [standard Catering Contract](#). The BSC director or designee signs the completed contract and returns it to vendor. | After contract is signed, a deposit up to 50% of the total, not to exceed $5,000, may be paid via pcard. | The BSC may make final payment on a pcard. **The total payment (sum of deposit and final payment) may not exceed $10,000.** |

| All Other Caterers | $10,000 or Greater | The unit will ask the vendor to complete Cornell’s [standard Catering Contract](#). The BSC collects Cornell’s Standard Catering Contract (BSC does not sign) and attaches it to the KFS Requisition. | After the PO is issued, a deposit up to 50% of the total, not to exceed $10,000, may be paid via pcard. | Final payment to be made through the PO process. |

**Caution:** When hosting events in a private residence, you must contact the Department of Risk Management and Insurance prior to the event. It is imperative to ensure that the appropriate vendor insurance and licenses are in place to protect the homeowner from potential liability.
### Dollar Amount

<table>
<thead>
<tr>
<th>Event Space Rental OR Catering with Event Space Rental</th>
<th>Up to $10,000</th>
<th>In addition to the contract that the vendor has supplied, the unit will ask the vendor to complete Cornell’s <a href="#">Addendum for Facility Contract Agreements</a>, and then the BSC Director or designee signs the addendum.</th>
<th>After a vendor contract and addendum are signed, a deposit up to 50% of the total, not to exceed $5,000, may be paid via pcard.</th>
<th>The BSC may make final payment on a pcard. <em>The total payment (sum of deposit and final payment) may not exceed $10,000.</em></th>
</tr>
</thead>
<tbody>
<tr>
<td>Event Space Rental OR Catering with Event Space Rental</td>
<td>$10,000 or Greater</td>
<td>In addition to the contract that the vendor has supplied, the unit will ask the vendor to complete Cornell’s <a href="#">Addendum for Facility Contract Agreements</a>. The BSC collects the addendum and vendor contract (BSC does not sign) and attaches them to a Requisition.</td>
<td>After the PO is issued, a deposit up to 50% of the total, not to exceed $10,000, may be paid via pcard.</td>
<td>Final payment to be made through the PO process.</td>
</tr>
</tbody>
</table>

For your convenience, the list of caterers with contracts is available on the Procurement website at [https://www.dfa.cornell.edu/procurement/buyers/commodities/hiring-caterers/caterers](https://www.dfa.cornell.edu/procurement/buyers/commodities/hiring-caterers/caterers).

### Joint Venture

The university may enter into a joint venture with an outside entity for the performance of services. These ventures are often complicated. Units must involve Procurement prior to entering into such an agreement.

### Sponsored Project Consulting Agreements and Subcontracts

When an individual is performing services that are directly related to the science or scope of a sponsored project, a [Service Provider Evaluation](#) must be completed to determine if the individual is an employee or an independent contractor. If after the evaluation, the service provider is deemed to be an Independent Contractor, a purchase order is required and an Independent Contractor/Consultant Agreement must be completed. Proceed to [Section 701, the Service Provider Evaluation](#).

*Note:* If another organization is performing a substantive portion of the work effort based upon an award made to Cornell, it may be necessary to formalize this relationship through the execution of a subcontract. Such agreements are executed by the Office of Sponsored Programs. Please see [www.osp.cornell.edu](http://www.osp.cornell.edu) for further information on subcontracts.
Performing the Service Provider Evaluation

The purpose of the service provider evaluation is to determine whether to appoint a service provider, who otherwise “passed” all the steps in the Decision Flow Chart in section 700 (page 2), as an independent contractor or as an employee paid through payroll. The IRS asserts that if Cornell exercises control over the service provider, the individual should be appointed as an employee.

There are myriad risks and costs associated with each classification of the service provider. For employees, there are the employer's share of FICA tax, employee benefits, workers compensation and other insurance coverage, overtime premiums, etc. For independent contractors, there are contract costs as well as potential penalties and interest from the IRS and other regulatory agencies if the agency, during its review, reclassifies the independent contractor as an employee.

The unit engaging the service provider has primary responsibility for independent contractor review. The unit may be held financially responsible for any taxes, interest, penalties, judgments, or awards due to misclassification.

To determine whether a service provider is an independent contractor or an employee under common law, you must examine the relationship between the worker and the business. All evidence of control and independence in this relationship should be considered. If Cornell exercises control over the service provider, the individual should be appointed as an employee. The factors that provide evidence of “control” fall into three categories – Behavioral Control, Financial Control, and the Nature of the Relationship itself.

- Behavioral Control generally reflects that the organization exercises control over the service provider’s activities. If Cornell provides training and/or instructions about how to complete the task, the service provider should generally be classified as an employee. In contrast, independent contractors determine how they will accomplish the task.

- Financial Control generally reflects that the service provider is not at risk for financial loss on a contract because the organization provides the equipment, reimburses the business expenses and pays on an hourly basis rather than a negotiated fee for specific deliverables.

- Relationship Control generally reflects that the service provider works primarily for the organization and anticipates a continuing relationship. An independent contractor has a broad customer base and is free to work when, for whom, and for as many firms as he/she chooses.

A checklist is available to assist the unit in completing the evaluation of Behavioral Control, Financial Control and Nature of the Relationship. See the Service Provider Evaluation Worksheet.

Procedure for Performing the Service Provider Evaluation

- **Note:** The BSC may assume all or part of the tasks outlined below for the unit. Contact your BSC for their specific procedures.

  1. The unit engaging the service provider will send the Service Provider Questionnaire to the service provider for completion (see the Forms section of the Procurement and Payment Services' Website) and request its return directly to the unit.
2. After receiving the completed *Service Provider Questionnaire*, the unit will complete Cornell’s *Service Provider Evaluation Worksheet* to determine whether “control” over the service provider exists, as described on the previous page. Remember to attach both the *Service Provider Questionnaire* and the *Service Provider Evaluation Worksheet* to the requisition. (See the Forms section of the Procurement Services’ Website.)

*Caution*: The unit must review the service provider’s classification prior to entering into an initial contract or renewing a contract. The unit should make its own determination and not rely on another unit’s determination.

3. If the unit concludes that the service provider should be classified as an employee, the unit will request appointment of the individual as an employee through the Office of Human Resources (see your BSC for further instructions).

4. If the unit concludes that the service provider should be classified as an independent contractor, the unit will:
   a. Document the resolution of any conflict of interest and/or commitment identified during IC evaluation process. See the University Policy 4.14, Conflicts of Interest and Commitment for more information.
   b. Evaluate the need for insurance. Requirements for insurance coverage are outlined in the Section 405, Insurance Requirements section of this manual; contact Risk Management and Insurance with questions on insurance requirements. *Note*: Procurement will contact the service provider and request proof of insurance; contact Procurement to request this assistance.
   c. Determine the terms of the agreement with the service provider, such as the scope of work or deliverables, acceptance criteria, identification of who will provide the services, etc. These terms are most easily defined through completion of the Independent Contractor/Consultant Agreement form (see the Forms section of the Procurement Web site.) Contact Procurement with questions on these terms, which are in addition to the standard terms and conditions of Cornell’s purchase order.
   d. Request the issuance of a purchase order through the BSC and submit to the BSC the *Service Provider Questionnaire*, the *Service Provider Evaluation Worksheet*, conflict of interest/commitment resolution (if applicable) and Independent Contractor/Consultant Agreement. *Note*: The Service Provider Questionnaire requires the name, title and signature of the unit-level individual that performed the service provider evaluation.

**Other Considerations with Independent Contractors:**

**Billing and Tax**
All business expenses that the unit has agreed to pay must be submitted as a component of the vendor’s invoice. Do not process an expense/travel reimbursement for the independent contractor. Do not submit individual expense receipts with the invoice. In accordance with IRS regulations, the university will report all payments to independent contractors totaling $600 or more during a calendar year on IRS form 1099-MISC.
The independent contractor is responsible for all estimated tax payments and other tax filing requirements; all tax records, including original business receipts; general liability and other insurance coverage for workers who work on his/her contract with Cornell; medical insurance, personal accident insurance, pension plan, or other benefits, whether personal or extended to his/her employees.

**Inquiries by Government Agencies**

All inquiries made directly to the unit by a government agency about independent contractors must be directed to the Tax Manager in the Division of Financial Affairs. Do not respond to these inquiries at the unit level.
Responsibilities Related to the Payment for Services

Unit Responsibilities

- Work through the Paying for Services flowchart to determine the appropriate payment method or contract method
- Complete service provider questionnaire and evaluation worksheet, if directed in flowchart
- Determine the terms of the agreement with the service provider, such as the scope of work or deliverables, acceptance criteria, identification of who will provide the services, etc.
- Provide contract to service provider for review and signature and return to unit for completion
- Review, date, initial or sign the contract as required for the department on the particular Cornell agreement
- Provide required information (as described above) with the I Want Doc or form required by your BSC

Business Service Center (BSC):

- Understand and communicate policies to faculty, staff, and service providers
- Verify that the service provider evaluation has been performed (where one must be performed, based on the information provided in section 700) and documented by the unit, prior to requesting payment to the service provider
- Verify that all conflict of interest and conflict of commitment issues have been resolved and documented by the unit
- Ensure that independent contractors meet the university insurance requirements
- Ensure that contracts are properly executed prior to the performance of services
- Attach the following to the requisition: Service Provider Questionnaire, Service Provider Evaluation Worksheet, and contract (Independent Contractor/Consultant Agreement form or Performer or Small Services Provider contract) to Procurement Services when requesting the purchase order
- Ensure that the procurement of services is undertaken in compliance with the policy and procedures outlined in this manual

Procurement and Payment Services:

- Request, review, and maintain Certificates of Insurance for service providers
- Maintain a searchable database of vendors with insurance
- Receive IRS forms, supplier information forms (via manual or automated process) and proof of insurance from vendors that are service providers
- Maintain the KFS vendor database

Tax Compliance Office in the Division of Financial Affairs:

- Provide guidance to units on IRS issues and interpretations

Risk Management and Insurance:

- Negotiate any exceptions to the minimum necessary insurance coverage for independent contractors
U.S. Customs Clearance / Duty Free Entry

Customs Agent
Mohawk Global Logistics has been assigned Power of Attorney to act as Cornell’s agent in expediting and clearing shipments entering the United States. Their address and contact information are as follows:

Mohawk Global Logistics
P.O. Box 3065
Syracuse, NY 13220-3065

Web address: http://www.mohawkglobal.com
Phone: 315-455-3003
Fax: 315-455-3032
E-mail: info@mohawkglobal.com

General Guidelines for US Custom Clearance
1. When a department orders equipment from a foreign source, the following phrases need to be included in the requisition:

“Send equipment in bond for clearance by:
Mohawk Global Logistics
152 Air Cargo Road, Suite 303
Syracuse Hancock Int. Airport
North Syracuse, NY 13212”

Please list “Syracuse, NY” as airport of destination on Airway bill.

2. Generally, small shipments (valued at less than $1,200) shipped via parcel post from foreign countries can be imported without assistance of a Customs Broker.

3. If a Cornell employee purchases equipment while out of the country, the shipment should be sent to Cornell University, Care of Mohawk Global Logistics to the address above for customs clearance.

4. If equipment is being shipped out of the country on a temporary basis, contact Mohawk Global Logistics prior to shipment for advice on required registration documents. This will preclude duty assessment upon the return of goods (in original state).

5. Mohawk Global Logistics’ fee will vary based on the type of import and services required, such as document preparation. In addition, there will be a freight charge from Syracuse to Ithaca.

6. Mohawk Global Logistics’ main office is located in Syracuse, NY. The company has branches in Rochester and Albany as well.

Duty-Free Entry
Foreign purchases made by Cornell are subject to the payment of government-imposed duty. However, on scientific equipment, for which there is no domestic equivalent, it is possible to have duty charges waived.
The process involved in avoiding duty charges is complex and takes a substantial amount of time to accomplish. Requests must be filed with the United States Custom Service, ATTN: Disclosure Law Branch, Washington, DC 20229.

Because of the highly technical nature of the information required, the department should prepare the responses with assistance from the seller of the equipment. The duty-free entry request does not need to be made at the time an order is placed, but it is desirable. The US Customs and Border Protection Form No. ITA-338P is available at http://ia.ita.doc.gov/sips/appform.html. When considering the purchase of foreign-made scientific equipment, review the form in advance of placing the equipment order.
Receiving and Inspecting Shipments

It is the responsibility of the person accepting incoming shipments to verify that the goods delivered match the order before signing the delivery slip.

If the goods have been shipped to the wrong department and an order number is included on the shipment, query KFS or call Procurement and Payment Services (Procurement) to identify the proper destination. It is the responsibility of the department signing for material to arrange for delivery to the correct department. In most cases, the trucker will deliver to the correct department if shipment has not been removed from the truck or it is a small carton.

Inspection
Inspection of all packages or cartons at time of delivery is essential. Any apparent damage should be noted on the delivery receipt by the carrier’s agent along with the agent’s signature. If it is necessary to file a claim for damaged goods, the supplier should be notified within 24 hours of delivery. If damage is discovered only after the package has been opened, refer to Receiving Procedure “Concealed Damage” below. After inspecting the packages, all packing lists and bills of lading should be forwarded to the individuals in the department who are responsible for recording receipts.

Freight Claims
Fast and fair settlement of claims on the receipt of damaged goods is of mutual benefit to the University and its suppliers. The BSC should ensure that the required documents are filed within ten (10) working days by the unit and the supplier and/or carrier.

This procedure defines the types of freight claims and explains what must be done in the filing of the claim. In all instances, the supplier must be notified within 24 hours of the discovery of the damage.

Filing Responsibility
The vendor has the responsibility for filing the freight claim if the FOB terms are “Destination”. Cornell University has the responsibility for initiating a freight claim only when the FOB terms specify "Shipping Point". For more detailed information on FOB terms see section 803-A. If Cornell has the responsibility for filing the claim, the Unit or BSC will prepare the paperwork and contact the carrier. If the supplier is responsible for filing, then the Unit or BSC will notify the supplier of the damaged, lost, or concealed damaged shipment and request replacement shipment.

Receipt and Inspection of Shipments
This procedure addresses three (3) types of freight claims that might be processed if Cornell has the responsibility for filing the freight claim.

1. Damage in Transit
Damage has occurred to the shipment while it was in the possession of the freight carrier. Damage to packages and cartons is usually readily apparent.

When the shipment is received, any damage is noted on the freight bill at time of delivery. The User Department notifies the supplier about the damaged shipment within 24 hours. End User/Dept/BSC will contact the carrier and begin the claim process.
2. Loss in Transit
If the supplier has shipped the merchandise to Cornell and it has not been delivered after a "reasonable" amount of time, and the carrier is unable to locate the shipment, then the shipment may be lost.

The end user/unit must notify the supplier when they have not received a shipment within a "reasonable" waiting period. After confirming the supplier’s shipment date and verifying that the carrier is unable locate the shipment, the End User/Dept/BSC will begin the claim process.

3. Concealed Damage
Merchandise is delivered in apparently good condition and the carrier's bill of lading is signed with no mention of damage. Damage is discovered only after the container is opened within a "reasonable" period of time.

End user/unit must notify the supplier immediately of the damage. The supplier will in turn notify the carrier that a "concealed damage" claim is pending and an inspection is needed. All containers and contents must be kept in a safe place for inspection by the carrier. The carrier will supply an inspection report to accompany the freight claim processed by the End User/Dept/BSC.

Return of Goods to the Vendor
This procedures describes the correct steps to be followed when goods need to be returned to the vendor for credit or replacement.

When defective merchandise is received from a vendor, or the received item(s) are not the item(s) specified on the purchase order, the shipment will be subject to return to the vendor for credit.

Whenever the department needs to return merchandise to a vendor, the department needs to contact the vendor, explain the reasons for returning the merchandise and get a "Return Authorization" number.

The department prepares the shipment for return to the vendor noting the "Return Authorization" number on all paperwork. This number allows the vendor to identify the goods when they are received and to correctly issue a credit.

If a replacement is desired, then the department needs to issue a new requisition/order for the replacement.
<table>
<thead>
<tr>
<th>FOB Term</th>
<th>Payment of Freight Charges</th>
<th>Who Bears Freight Costs</th>
<th>Owns Goods in Transit</th>
<th>Who Files Claim (if any)</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOB Destination, freight prepaid *</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
<td>Seller</td>
<td>Title passes to Buyer when goods are delivered. Seller pays and absorbs all freight costs.</td>
</tr>
<tr>
<td>FOB Destination, freight prepaid and added to invoice</td>
<td>Seller</td>
<td>Buyer</td>
<td>Seller</td>
<td>Seller</td>
<td>Title passes to Buyer when goods are delivered. Seller pays shipping costs and adds the cost to their invoice.</td>
</tr>
<tr>
<td>FOB Destination, freight collect</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Seller</td>
<td>Seller</td>
<td>Title passes to Buyer when goods are delivered. Carrier bills Buyer for the freight costs.</td>
</tr>
<tr>
<td>FOB Shipping Point, freight prepaid</td>
<td>Seller</td>
<td>Seller</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Title passes to Buyer at vendor's dock. Seller pays and absorbs all freight costs.</td>
</tr>
<tr>
<td>FOB Shipping Point, freight prepaid and added to invoice</td>
<td>Seller</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Title passes to Buyer at vendor's dock. Seller pays and absorbs all freight costs.</td>
</tr>
<tr>
<td>FOB Shipping Point, freight collect</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Buyer</td>
<td>Title and control of goods passes to Buyer when carrier signs for goods at the vendor's location. Carrier bills Buyer directly.</td>
</tr>
</tbody>
</table>

* Cornell's preferred terms
Invoice Payment

This procedure is to explain how an invoice payment is processed for the purchase of goods and/or services. An invoice is the supplier’s notification that a charge is pending against the University. The purchase order is the basis on which the supplier is paid for material and services furnished. The invoice is audited against the purchase order (e.g., items, prices, quantities, terms of the purchase order).

Accounts Payable is responsible for monitoring the electronic invoice process and manually entering invoices into KFS. As stated on the purchase order, all vendors not enrolled in electronic invoicing, are instructed to submit invoices with purchase order reference via U.S. Mail to Cornell University, Accounts Payable, 395 Pine Tree Rd., Ste. 330, Ithaca, NY 14850 or via email to dfa-4040_invoice@cornell.edu.

Additionally, the vendor should indicate the purchase order number on the invoice. Invoices received by the end user/unit need to be immediately sent to Accounts Payable at East Hill Office Building, 395 Pine Tree Road, Suite 330.

Invoices are entered into KFS to be processed for payment. Before the invoice is paid, the payment request may require that the End User/Unit/BSC verify receipt and/or acceptance of the goods or services or that the Fiscal Officer review the invoice and approve the payment request.

After the invoice is entered in KFS, the invoices are scanned for the End User/Unit/BSC to compare to the purchase order. If the payment request (PayReq) requires that a receipt be entered, the End User/Unit/BSC can confirm the receipt by entering a note in the Notes and Attachment tab after the invoice is entered.

If the invoice is greater than $5,000, the ASC/BSC must confirm physical receipt of goods and or services with the unit and document receipt in the PayReq e-doc notes and attachments sections before processing the payment. See the Controller’s Guidelines for Receiving in KFS.

The end user/unit/BSC should check their KFS Action List daily to determine if there are any tasks in the queue.

Vendor Relations
Payments of invoices should not be delayed beyond the due dates as determined by the terms of the purchase order, unless Procurement and Payment Services, the end user/unit/BSC, and the Supplier are aware of extenuating circumstances that would preclude payment. Failure to pay invoices promptly results in poor vendor relations, lost early payment discounts, interest charges, and potential credit holds.
Freight Bills

Freight bills directly from freight companies are to be sent to the unit/BSC for payment. Payments should be processed via disbursement voucher.

Federal Interstate Commerce Commission / Department of Transportation regulations require that all invoices for freight be paid within fifteen (15) days. Failure to comply can result in termination of carrier service or possible court action against Cornell University. It is extremely important that all freight bills be processed promptly.
Capital Equipment

According to University Policy 3.9, Capital Assets, a capital asset is an item that has a useful life of at least two years and a value of at least $5,000. Capital assets are permanent, tangible, and held for purposes other than investment or resale. Please refer to the Capital Assets policy for further specifications and definitions.

Resources:

- Accounting Services Web site: https://www.dfa.cornell.edu/accounting/about/contact
- Standard Operating Procedures
  - Capital Assets Overview
    https://confluence.cornell.edu/download/attachments/134217922/Cap+Assets+Overview.pdf
  - Capital Edit tab, Financial Processing
    https://confluence.cornell.edu/download/attachments/134217922/SOP+Capital+Edit+tab+Financial+Processing.pdf
  - Capital Edit tab, Purchasing
    https://confluence.cornell.edu/download/attachments/134217922/SOP+Capital+Edit+tab+REQS+PCDO.pdf
Forms referred to in this manual may be found online at:

Single/Sole Source Justification Form:
http://www.dfa.cornell.edu/procurement/tools-forms/forms/source-justification

Cellphone Assumption of Liabilities
http://www.dfa.cornell.edu/procurement/tools-forms/forms/liabilities

Bid Solicitation
http://www.dfa.cornell.edu/procurement/tools-forms/forms/bid-solicitation

Cornell Use of Names, Logos and Artwork on Manufactured Items Form:
http://www.sao.cornell.edu/SO/logo.pdf

Exception Ordering for Computers
http://www.dfa.cornell.edu/procurement/tools-forms/forms/exception-ordering

New York State Restricted Period Supplier Contact
http://www.dfa.cornell.edu/procurement/tools-forms/forms/nys-supplier-contact

Service Provider Questionnaire
http://www.dfa.cornell.edu/sites/default/files/provider-questionnaire.pdf

Service Provider Evaluation Worksheet
http://www.dfa.cornell.edu/sites/default/files/provider-evaluation.pdf

UNSPSC classifications
http://www.dfa.cornell.edu/procurement/buyinginfo/unspsc-classifications.cfm

Contracts for Services referred to in this manual may be found online at:

Consulting Agreements:
Independent Contractor/Consultant Agreement Form
http://www.dfa.cornell.edu/sites/default/files/consultant-agreement.pdf

Amendment to Independent Contractor/Consultant Agreement
http://www.dfa.cornell.edu/sites/default/files/consultant-amendment.pdf

Professional Services Agreement
http://www.dfa.cornell.edu/sites/default/files/prof-services-agrmt.pdf

IT Professional Services Agreement
http://www.dfa.cornell.edu/sites/default/files/it-prof-services-agrmt.pdf

Amendment to Professional Services Agreement
http://www.dfa.cornell.edu/sites/default/files/prof-services-amendment.pdf
**Unique Contracts for Services:**
Facility and Hotel Event Management Addendum for Vendor Contract

Caterer Contract

Performer and Small Services Provider Contract Matrix

Performer without Equipment Contract

Performer with Equipment Contract

Services Provider Contract
http://www.dfa.cornell.edu/sites/default/files/small-services-contract.pdf

Service Provider Contract for Graphic Design, Web Design, Videography
http://www.dfa.cornell.edu/sites/default/files/comm-services-prof-services-agrmt.pdf

Service Provider Contract for Writing, Editing, Indexing

Service Provider Contract for Photographer, Artist, Illustrator
http://www.dfa.cornell.edu/sites/default/files/photographer-prof-services-agrmt.pdf

Service Provider Contract for Deaf or Foreign Language Translation

Professional Services Search Firm Agreement Template
http://www.dfa.cornell.edu/procurement/tools-forms/forms/contracts
Acronyms that are used throughout the Buying Manual

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACH</td>
<td>Automated Clearing House</td>
</tr>
<tr>
<td>APO</td>
<td>Automatic purchase order</td>
</tr>
<tr>
<td>BSC</td>
<td>Business Service Center</td>
</tr>
<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>DFA</td>
<td>Division of Financial Affairs</td>
</tr>
<tr>
<td>EHS</td>
<td>Environmental Health and Safety</td>
</tr>
<tr>
<td>End User/Unit/BSC</td>
<td>End user / Unit / Business Service Center</td>
</tr>
<tr>
<td>E&amp;I</td>
<td>Educational &amp; Institutional Cooperative Purchasing</td>
</tr>
<tr>
<td>FOB</td>
<td>Free on board</td>
</tr>
<tr>
<td>GSA</td>
<td>General Services Administration</td>
</tr>
<tr>
<td>ID</td>
<td>Identification</td>
</tr>
<tr>
<td>IFB</td>
<td>Invitation for bid</td>
</tr>
<tr>
<td>KFS</td>
<td>Kuali Financial System</td>
</tr>
<tr>
<td>MMCAP</td>
<td>Minnesota Multistate Contracting Alliance for Pharmacy</td>
</tr>
<tr>
<td>PDF</td>
<td>Portable document file</td>
</tr>
<tr>
<td>PO</td>
<td>Purchase order</td>
</tr>
<tr>
<td>POA</td>
<td>Purchase order amendment</td>
</tr>
<tr>
<td>PSA</td>
<td>Preferred Supplier Agreement</td>
</tr>
<tr>
<td>REQ(S)</td>
<td>Requisition</td>
</tr>
<tr>
<td>RFI</td>
<td>Request for Information</td>
</tr>
<tr>
<td>RFQ</td>
<td>Request for Quotation</td>
</tr>
<tr>
<td>RFP</td>
<td>Request for Proposal</td>
</tr>
<tr>
<td>VP</td>
<td>Vice President</td>
</tr>
</tbody>
</table>
## Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreement</td>
<td>See definition of Contract below.</td>
</tr>
<tr>
<td>Automatic Purchase Order (APO)</td>
<td>A method of ordering that offers units the option to release orders of less than $10,000 directly to the vendors, when the order has met a predetermined set of criteria.</td>
</tr>
<tr>
<td>Bid</td>
<td>A request for competitive quotation or proposal from a qualified vendor for the purpose of issuing a purchase order and contract for the procurement of goods or services.</td>
</tr>
<tr>
<td>Bid Specifications</td>
<td>A detailed description of the services, equipment and products describing what is to be accomplished and the level of detail needed for success.</td>
</tr>
<tr>
<td>Blocked Vendor</td>
<td>A vendor whose merchant category code has been restricted from use with a university procurement card.</td>
</tr>
<tr>
<td>Business Expense</td>
<td>An ordinary, necessary, and reasonable charge for goods or services, whether paid, committed, or accrued, that foster or supports the ongoing missions of the university. These charges may include expenses (expenditures), debt service payments, and capital outlays.</td>
</tr>
<tr>
<td>Business Meal</td>
<td>A meal at which a substantive and <em>bona fide</em> business discussion, linked to the university's mission, takes place.</td>
</tr>
<tr>
<td>Business Purpose</td>
<td>The way in which a particular good or service supports the university's mission of education, research and public service; this is an essential component of documentation, and should be in language that an external reviewer could easily understand.</td>
</tr>
<tr>
<td>Business Service Center (BSC)</td>
<td>Financial transaction processing centers approved by the Vice President for Financial Affairs/CFO. See <a href="#">University Policy 4.2, Transaction Authority and Payment Approval</a>, for a list of these centers.</td>
</tr>
<tr>
<td>Cardholder, Business Service Center</td>
<td>An individual employed in a BSC who has been authorized to make a procurement card purchase at higher dollar limits than a regular cardholder.</td>
</tr>
<tr>
<td>Cardholder, Regular</td>
<td>An individual who has been authorized by his or her unit to use a university procurement card.</td>
</tr>
<tr>
<td>Catering</td>
<td><em>Catering occurs when a vendor prepares, sets up, serves or cleans up food on Cornell controlled property, including both facilities owned by Cornell and facilities that may be rented or leased and only under Cornell’s control for the period of the event (i.e., rental of a banquet hall.) Catering should not be confused with simple delivery, where no service is provided on site (i.e., “pizza delivery”).</em></td>
</tr>
<tr>
<td>Competitive Bid</td>
<td>A process used to have more than one vendor provide a price for the same item. The primary purpose of competitive bidding is to insure and demonstrate that funding is being responsibly spent and equal opportunities are being extended.</td>
</tr>
<tr>
<td>Concealed Damage</td>
<td>Carton intact, but material damaged.</td>
</tr>
<tr>
<td>Conflict of Commitment</td>
<td>A situation in which an employee's additional employment, whether internal or external to the university, interferes with his or her performance in the primary appointment at the university.</td>
</tr>
<tr>
<td><strong>Conflict of Interest</strong></td>
<td>A situation in which an individual or any of his or her family or associates either 1) has an existing or potential financial or other material interest that impairs or might appear to impair the individual's independence and objectivity of judgment in the discharge of responsibilities to the university, or 2) may receive a financial or other material benefit from knowledge of information confidential to the university. Refer to <a href="#">University Policy 4.14, Conflicts of Interest and Commitment</a>.</td>
</tr>
<tr>
<td><strong>Contract</strong></td>
<td>A contract is an agreement between two or more parties describing terms and conditions.</td>
</tr>
<tr>
<td><strong>Cornell Allowable Expense</strong></td>
<td>A valid and legal business expense for which the use of university funds will be permitted.</td>
</tr>
<tr>
<td><strong>Cornell Unallowable Expense</strong></td>
<td>An expense or item for which use of university funds will not be permitted.</td>
</tr>
<tr>
<td><strong>Cornell University Vendor</strong></td>
<td>A Cornell unit that sells goods or services.</td>
</tr>
<tr>
<td><strong>Default Account</strong></td>
<td>The general ledger account associated with a procurement card that is charged automatically for transactions when a coordinator does not change the account distribution in KFS.</td>
</tr>
<tr>
<td><strong>Small Business Administration</strong></td>
<td>A federal program that encourages the engagement of entities that are federally recognized as being &quot;small, disadvantaged business enterprises.&quot;</td>
</tr>
<tr>
<td><strong>Documentation</strong></td>
<td>Original invoice, copy of cancelled check, original credit card receipt when applicable, and other documentation that describes and substantiates a business transaction.</td>
</tr>
<tr>
<td><strong>Emergency Situation</strong></td>
<td>The occurrence of an unanticipated and sudden situation that is life threatening, catastrophic in nature, or involves pressing necessity for immediate repairs, reconstruction, or maintenance in order to permit the safe continuation of a necessary use or function, or to protect the property or the life, health, or safety of any person.</td>
</tr>
<tr>
<td><strong>Employee</strong></td>
<td>A person appointed through the Office of Human Resources and paid through payroll to perform services for the university. The university controls and directs the service provider’s activities.</td>
</tr>
<tr>
<td><strong>e-Procurement</strong></td>
<td>The use of electronic systems to purchase goods, works and services and to process payments from third parties. Cornell’s e-procurement system is named e-SHOP.</td>
</tr>
<tr>
<td><strong>e-SHOP</strong></td>
<td>Cornell’s branded e-procurement system, which allows the units to procure goods and services from a wide variety of pre-selected suppliers through the KFS main menu Shop Catalogs.</td>
</tr>
<tr>
<td><strong>FOB (Free on Board)</strong></td>
<td>The point of delivery where title of goods transfers from the vendor to Cornell University.</td>
</tr>
<tr>
<td><strong>Family Member</strong></td>
<td>A spouse, sibling, parent, grandparent, ancestor, child, or grandchild, or any of their respective spouses.</td>
</tr>
<tr>
<td><strong>Financial Institution</strong></td>
<td>The bank issuing procurement cards to Cornell University.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>Foreign National</td>
<td>An individual who is not a citizen of the United States and does not have a permanent resident status or an entity that does not have a place of business or an office in the United States.</td>
</tr>
<tr>
<td>Goods</td>
<td>Tangible property for sale, lease, or rental (also known as merchandise, or commodity.)</td>
</tr>
<tr>
<td>Honorarium</td>
<td>A payment made in appreciation, primarily intended to confer distinction or to symbolize respect, which is not required by law, and is not a fee charged by the recipient.</td>
</tr>
<tr>
<td>Human Participant Fees</td>
<td>A payment to a participant in a study conducted by a Cornell faculty, staff or student; (includes fees for research subjects, survey participants, etc.)</td>
</tr>
<tr>
<td>Inactive Procurement Card</td>
<td>A procurement card account that has not been used in the preceding 12 months.</td>
</tr>
<tr>
<td>Independent Contractor</td>
<td>An individual or entity engaged to perform services and commonly referred to as a consultant, freelancer, contractor, etc. The service provider is responsible for the means and methods for completing the job based on specifications in the contract. The service provider is not supervised or controlled by Cornell employees.</td>
</tr>
<tr>
<td>IRS Form 1099 MISC</td>
<td>A form used to report to the IRS and the taxpayer various types of payment including non-employee compensation to independent contractors.</td>
</tr>
<tr>
<td>Joint Venture</td>
<td>An agreement between Cornell University and another organization to exchange resources, share risks, or divide rewards from a combined enterprise.</td>
</tr>
<tr>
<td>Journal</td>
<td>Internal transfer of funds between general ledger accounts.</td>
</tr>
<tr>
<td>Memorandum of Understanding (MOU) for Spend Delegation</td>
<td>An informal, written record containing the terms of a transaction or agreement signed between Procurement Services and one or more other unit(s) of Cornell University.</td>
</tr>
<tr>
<td>Ordinary, Necessary and Reasonable Expense</td>
<td>An expense is ordinary if it is normal and customary. An expense is necessary if it is appropriate and helpful to the business. An expense is reasonable if a prudent person would incur the expense in similar circumstances.</td>
</tr>
<tr>
<td>Payment Approval</td>
<td>Authority to process a payment from a university account, and to certify that appropriate funds are available. Note: payment approval does not constitute transaction authority. See University Policy 4.2, Transaction Authority and Payment Approval.</td>
</tr>
<tr>
<td>Personal Expense</td>
<td>Any expense for a good or service that does not qualify as a business expense.</td>
</tr>
<tr>
<td>Preferred Supplier</td>
<td>A supplier with which Procurement Services has competitively bid and implemented a university-wide agreement, and that Procurement Services endorses as the &quot;best overall value&quot; in providing products, services, delivery, and customer service.</td>
</tr>
<tr>
<td>Procurement Agent/Contract Manager</td>
<td>An individual who is part of a procurement organization at Cornell and has been given transaction authority by the head of the procurement function to negotiate, authorize, and execute contracts on behalf of Cornell University. Examples include, but are not limited to, Cornell Store buyers and Office of Sponsored Programs (OSP) grant and contract officers.</td>
</tr>
<tr>
<td>Procurement Card (pcard)</td>
<td>A credit card issued by a financial institution to Cornell University to make purchases directly from vendors. The individual named on the card is...</td>
</tr>
<tr>
<td><strong>Section 902</strong></td>
<td><strong>Definitions</strong></td>
</tr>
<tr>
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</tr>
<tr>
<td><strong>authorized to make certain business purchases on behalf of Cornell University, and the bill is paid directly by the university.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Procurement Card Coordinator</strong></td>
<td>The individual within your BSC with knowledge of appropriate financial, purchasing, and accounting policies, who has specific responsibilities, as defined in this policy, and overall responsibility for the unit's pcard program.</td>
</tr>
<tr>
<td><strong>Prohibited Transaction</strong></td>
<td>Any good or service listed in the Procurement Card section of this manual (including Personal Expenses and Cornell Unallowable), and split transactions, that may not be paid for via pcard.</td>
</tr>
<tr>
<td><strong>Purchase Order (PO)</strong></td>
<td>A legally binding contract for purchase between the university and the vendor.</td>
</tr>
<tr>
<td><strong>Recurring Order</strong></td>
<td>A purchase order for a defined period of time, frequently used for repetitive purchases, with a &quot;not to exceed&quot; dollar amount specified.</td>
</tr>
<tr>
<td><strong>RFI (Request for Information)</strong></td>
<td>A solicitation for information about a service or product; used when a clearly defined scope of work or specification is not available.</td>
</tr>
<tr>
<td><strong>RFP (Request for Proposal)</strong></td>
<td>A solicitation used to acquire goods and/or services when a clearly defined scope of work or specification is available.</td>
</tr>
<tr>
<td><strong>RFQ (Request for Quotation)</strong></td>
<td>A solicitation for a price for a specific item or service.</td>
</tr>
<tr>
<td><strong>Receipt</strong></td>
<td>A written acknowledgment that something has been received, which, generally, details the date of purchase, vendor name and address, description of goods and services, quantity, unit price, and total of expenditures.</td>
</tr>
<tr>
<td><strong>Revocation of Card</strong></td>
<td>The cancellation of a procurement card.</td>
</tr>
<tr>
<td><strong>Risk Management and Insurance</strong></td>
<td>A department responsible for procuring all institutional insurance, processing claims where applicable, establishing appropriate levels of insurance for suppliers (especially those working on campus).</td>
</tr>
<tr>
<td><strong>Scope of work</strong></td>
<td>A detailed description of the product or service being requested.</td>
</tr>
<tr>
<td><strong>Service Provider</strong></td>
<td>An individual or entity engaged to perform a service.</td>
</tr>
<tr>
<td><strong>Service Recipient</strong></td>
<td>The unit of Cornell University receiving services.</td>
</tr>
<tr>
<td><strong>Service</strong></td>
<td>An activity in which labor is the major factor and not merely incidental to the production, acquisition, and/or delivery of a good. Examples of services include hay delivery, catering, equipment repair, and web site design.</td>
</tr>
<tr>
<td><strong>Single Source/Sole Source</strong></td>
<td>Where competition may not be feasible due to the single source/sole source nature of a commodity or a particular specification.</td>
</tr>
<tr>
<td><strong>Spend</strong></td>
<td>An act of using funds to purchase goods or services, or the funds spent by a unit through its procurement processes.</td>
</tr>
<tr>
<td><strong>Split Transaction</strong></td>
<td>Multiple payments for a single item (whether a good or service) to evade the maximum pcard per-transaction limit or bidding threshold requirements.</td>
</tr>
<tr>
<td><strong>Sponsored Project</strong></td>
<td>A signed award (grant, contract, or cooperative agreement) under which the university agrees to perform a certain scope of work for an external sponsor.</td>
</tr>
<tr>
<td><strong>Sponsored Project Consulting Agreement</strong></td>
<td>A written agreement between the university and an independent contractor to provide highly specialized professional services directly related to the science and or scope of the sponsored project. A Sponsored Project Consulting Agreement is usually for a relatively short duration (less than one year).</td>
</tr>
<tr>
<td><strong>Subcontract</strong></td>
<td>A written agreement between Cornell University and a third party, often issued under a sponsored project, to procure “substantive programmatic effort.” A subcontract generally involves services over a relatively long period (one year or more).</td>
</tr>
<tr>
<td><strong>Subcontractor</strong></td>
<td>An individual, business, or other third party engaged, often under a sponsored project agreement, to provide services that contribute “substantive programmatic effort” to the project.</td>
</tr>
<tr>
<td><strong>Sufficient Documentary Evidence</strong></td>
<td>Information and documentation that, when taken as a whole, substantiates an expense and its business purpose. Sufficient documentation should include who, what, when, where, why, and how much.</td>
</tr>
<tr>
<td><strong>Supervisor</strong></td>
<td>The individual with primary responsibility for the regular and customary supervision of individual positions. Generally, the supervisory duties include hiring, salary, discipline, performance evaluation, and work assignment decisions.</td>
</tr>
<tr>
<td><strong>Supplier</strong></td>
<td>See definition of Vendor below.</td>
</tr>
<tr>
<td><strong>Suspension of Card</strong></td>
<td>Removal of the procurement card holder’s privilege to use the pcard for a specific period of time.</td>
</tr>
<tr>
<td><strong>Terms and Conditions</strong></td>
<td>Stand-alone clauses that define the understanding between Cornell University and the vendor.</td>
</tr>
<tr>
<td><strong>Transaction</strong></td>
<td>Any event that involves an exchange of funds between two parties. Examples are paying a bill to a vendor, collecting a fee from a student, and making an interdepartmental charge. Also, a single debit or credit to a procurement card.</td>
</tr>
<tr>
<td><strong>Transaction Authority</strong></td>
<td>The authority to administer, approve, and execute transactions or agreements with external parties that commit the university. See University Policy 4.2, Transaction Authority and Payment Approval.</td>
</tr>
<tr>
<td><strong>Unit</strong></td>
<td>A college, department, program, research center, financial transaction center, business service center, or other operating unit.</td>
</tr>
<tr>
<td><strong>University Funds</strong></td>
<td>All funds received from internal or external sources and owned by the university, which carry with them fiduciary responsibilities. This includes, but is not limited to, discretionary funds, funds from salary recovery, restricted gifts, tuition paid by students, and funds from other sources.</td>
</tr>
<tr>
<td><strong>UNSPSC</strong></td>
<td>United Nations Standard Products and Services Code are 8-digit numeric classification codes that describe individual products and services.</td>
</tr>
<tr>
<td><strong>Vendor</strong></td>
<td>An individual or organization that provides specified and agreed upon goods and/or services to the university. May be used interchangeably with “supplier.”</td>
</tr>
<tr>
<td><strong>W-9</strong></td>
<td>An IRS form used to request taxpayer identification number.</td>
</tr>
</tbody>
</table>
## Contacts

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Telephone</th>
<th>URL/Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Services</td>
<td>University Audit Office</td>
<td>(607) 255-9300</td>
<td><a href="mailto:audit@cornell.edu">audit@cornell.edu</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><a href="http://audit.cornell.edu">http://audit.cornell.edu</a></td>
</tr>
<tr>
<td>Capital Assets</td>
<td>Cost and Capital Assets</td>
<td>(607) 255-9368</td>
<td><a href="mailto:uco-capasset@cornell.edu">uco-capasset@cornell.edu</a></td>
</tr>
<tr>
<td>Contract Interpretation</td>
<td>Office of the University Counsel</td>
<td>(607) 255-5124</td>
<td><a href="mailto:Counsel-web@cornell.edu">Counsel-web@cornell.edu</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><a href="http://counsel.cornell.edu">http://counsel.cornell.edu</a></td>
</tr>
<tr>
<td>Cornell Name and Logo, Use of</td>
<td>Division of University Communications</td>
<td>(607) 255-9929</td>
<td><a href="http://www.sao.cornell.edu/SO/logo.php">www.sao.cornell.edu/SO/logo.php</a></td>
</tr>
<tr>
<td>Emergency Order</td>
<td>Procurement Services</td>
<td>(607) 255-3804</td>
<td><a href="http://procurement.cornell.edu/">http://procurement.cornell.edu/</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><a href="mailto:procurement@cornell.edu">procurement@cornell.edu</a></td>
</tr>
<tr>
<td>Employment Services</td>
<td>Office of Human Resources</td>
<td>(607) 254-8370</td>
<td><a href="http://www.ohr.cornell.edu/hr/organization/rec/index.html">www.ohr.cornell.edu/hr/organization/rec/index.html</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><a href="mailto:employment_svcs-mailbox@cornell.edu">employment_svcs-mailbox@cornell.edu</a></td>
</tr>
<tr>
<td>Health and Safety Concerns</td>
<td>Environmental Health and Safety</td>
<td>(607) 255-8200</td>
<td><a href="mailto:dehs@cornell.edu">dehs@cornell.edu</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><a href="http://www.ehs.cornell.edu">www.ehs.cornell.edu</a></td>
</tr>
<tr>
<td>Independent Contractor - Initial Inquiries/General Questions</td>
<td>Unit HR Representative/Financial Administrator</td>
<td>Unit-specific</td>
<td></td>
</tr>
<tr>
<td>Independent Contractor vs. Employee, Classification of</td>
<td>Office of Tax Compliance</td>
<td>(607) 254-4670</td>
<td><a href="mailto:tax@cornell.edu">tax@cornell.edu</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><a href="mailto:procurement@cornell.edu">procurement@cornell.edu</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(607) 255-3804</td>
<td></td>
</tr>
<tr>
<td>IRS or Other Taxing Agencies, Inquiries from</td>
<td>Office of Tax Compliance</td>
<td>(607) 254-4670</td>
<td><a href="mailto:tax@cornell.edu">tax@cornell.edu</a></td>
</tr>
<tr>
<td>Legal Services</td>
<td>Office of the University Counsel</td>
<td>(607) 255-5124</td>
<td><a href="mailto:Counsel-web@cornell.edu">Counsel-web@cornell.edu</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><a href="http://counsel.cornell.edu">http://counsel.cornell.edu</a></td>
</tr>
<tr>
<td>New York State Funds, Procurement</td>
<td>Procurement Services</td>
<td>(607) 255-3804</td>
<td><a href="http://procurement.cornell.edu/">http://procurement.cornell.edu/</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><a href="mailto:procurement@cornell.edu">procurement@cornell.edu</a></td>
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<tr>
<td>Section 903</td>
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</tr>
<tr>
<td><strong>Payment Processing</strong></td>
<td><strong>Accounts Payable</strong></td>
<td>(607) 255-0867 (607) 255-0869</td>
<td><a href="mailto:uco-accts-pay@cornell.edu">uco-accts-pay@cornell.edu</a></td>
</tr>
<tr>
<td><strong>Disbursement Voucher</strong></td>
<td><strong>Disbursement Review</strong></td>
<td>(607) 255-8179 (607) 255-0871</td>
<td><a href="http://www.payments.cornell.edu/">www.payments.cornell.edu/</a> <a href="mailto:drat@cornell.edu">drat@cornell.edu</a></td>
</tr>
<tr>
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