

The Ledger

A Newsletter of the University Controller's Organization

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Revision to Direct Pay Policy

The direct pay policy (Policy 3220) was recently updated and is now available online via the VT website and the Procurement website at <http://www.policies.vt.edu/3220.pdf>. There are two important changes that you should be aware of:

Freight: The transaction limit has been increased from \$5,000 to \$10,000. If large freight charges are anticipated, it is still a good idea to obtain competitive quotes and Procurement will do this at any dollar level, if requested to do so.

Catering: A new category (F1) has been created that allows for catering services up to \$5,000 per event. Please read the article below closely as it contains several items of guidance.

Catering Services, Business Meals and the Purchase of Food Items

Obtaining Approval

Public funds may be used in certain situations to purchase business meals, food for catered meals, and individual food and beverage items. For full guidance on this subject, please refer to the following link: https://controller.vt.edu/content/dam/controller_vt_edu/Procedures/AccountsPayable/20310a.pdf

Please note that there are cost and commodity restrictions. For this reason, obtaining pre-approval from the Controller's Office is strongly recommended. Further, it is the responsibility of the department to maintain records of the event. This should include a description of the nature of the event, itemized receipts, Controller's Office pre-approval and the list of attendees.

Procurement Procedures

Food items: Prepared food items are normally obtained from retailers and grocery stores and fall under the \$2,000/transaction delegation limit. It is preferable to use a Purchase Order, if the supplier will accept it. It may be necessary to use a P-card with some grocery stores. P-cards cannot be used at restaurants. Itemized receipts and guest lists must be maintained in departmental files when a P-card is used.

Catering Services: On-campus events may be catered by the Personal Touch Division of Dining Services or The Inn at Virginia Tech and Skelton Conference Center (refer to University Policy 3006, <http://www.policies.vt.edu/3006.pdf>). Meals and beverage can be ordered from Personal Touch via the HokieMart and paid by funds transfer. For additional information, contact catering@vt.edu.

Commercial caterers can be used at values up to \$5,000 without competition. When making arrangements for catering, you are encouraged to obtain several quotes from local caterers who appear qualified to support the event. Use of certified small, woman-owned and minority-owned businesses (SWAM) is encouraged and will help support university goals. If there is a contract to be signed, it must be reviewed and approved by the Legal Office prior to signing. Finally, if your organization uses catering services frequently, an effort should be made to rotate the business between firms so that no one firm obtains the bulk of our business. Guidance regarding specific rates, rules, and documentation regarding catering can be found at the following link: https://controller.vt.edu/content/dam/controller_vt_edu/Procedures/Travel/20335c.pdf.

Invoices may be processed via the HokieMart as a Direct Pay category F1. Before sending the invoice to Accounts Payable for payment, make sure you have attached a copy of the pre-approval email from the Accounts Payable Manager. This email describes the event, date, beginning and end time, attendees (faculty, staff, or guest) and an estimated cost. Other supporting documentation such as receipts, invoices, and final list of attendees should be attached.

What can go wrong?

1. You can fail to obtain pre-approval from the Controller's Office and the event can be determined not to meet the guidelines for the use of state funds, or you can exceed the guidelines for meal allowance.
2. There can be alcohol included in the invoice that is always ineligible for state funds.
3. Your final bill can exceed \$5,000 and you did not obtain competition.

In any of these situations, private funds will need to be used to cover at least a portion of the invoice.

Assistance Contacts:

Procurement: Trisha Wilson: wilsont@vt.edu, 1-7402
Certified SWAM Caterers: Kathey Porter: Porterk1@vt.edu, 1-3333
Controller's Office: Mike Kershner: Kershner@vt.edu, 1-8554