

Low Dollar Purchase Guidelines (under \$1,000)

Budget Center Managers are empowered to make low dollar purchases for the College for their areas of responsibility. Other individuals may be designated when properly instructed and approved by Budget Center Managers to also make low dollar departmental purchases. With this empowerment comes the responsibility to be certain that purchases are appropriate, reasonable, business related and comply with all internal or external restrictions. These guidelines apply to all low dollar expenditures made from College funds.

The following guidelines are intended to help users and ensure that purchases of the following items are prudent, necessary and only for College purposes. Purchases must always be appropriate for the activity, at a reasonable cost to the College and include a clearly documented business purpose. Expenditures must be in accordance with all grant or donor restrictions.

The College's Procurement Card (P-Card) Program is designed to serve as the primary purchasing tool for all purchases under \$1,000. If a credit card is not accepted by a merchant, then a check request, expense reimbursement or a Limited Cash Draft (LCD check) may be used.

Typical low dollar items ideally suited and appropriate for purchase using the P-Card include:

- ✓ publications
- ✓ subscriptions
- ✓ memberships
- ✓ conference registrations
- ✓ supplies
- ✓ maintenance
- ✓ equipment-type items under \$1,000

Note that the P-Card, and the other low dollar tools, **may not be used to purchase:**

- furniture; all furniture requests must be approved by Facilities
- software; all software requests must be approved by OIT
- business travel related expenses, which includes business travel meals and lodging for external guests hosted by the College

I. Required Approvals

As a general rule, all College expenditures require a second, higher level approval in addition to the person initiating the transaction. In many cases, this second or supervisory approval will be the budget center manager. In some instances, this will be the budget center manager's supervisor. Budget center managers are primarily

responsible for the financial accountability and control of funds under their jurisdiction and should carefully review their monthly detail transaction reports to confirm all charges are valid and proper. With these basic internal controls established, a second higher level approval is required when using any of the following low dollar purchasing tools.

1. All P-Card expenditures must be approved by the cardholder's supervisor. The cardholder is first required to sign their monthly credit card statement attesting to the business validity of all the charges; and secondly, the statement must be reviewed and the charges approved by the cardholder's supervisor. For example, if a budget center manager possesses a P-Card, his or her supervisor must review the credit card statement and approve all charges each month. Approval will be indicated by the supervisor's signature and date on the face of the statement.
2. All purchases made via LCD must be approved by a supervisor of the person writing and signing the check. After an LCD check has been used and the detailed purchase receipt is available, the supervisor must indicate approval by signing and dating the check copy, which is then forwarded to the Business Office, along with the receipt, for processing.
3. Expense reimbursement forms (including travel settlement forms) must be approved by a supervisor of the person being paid. The employee requesting reimbursement must sign and date the form, and forward it to the immediate supervisor for final review, approval signature and date.
4. All check requests must have two signatures: 1) the employee placing the order or making the purchase, and 2) the employee's next level supervisor. Check requests processed with the "check request stamp" include an approval signature line. The second approval signature should be signed beside, or in close proximity to the initial signature.

II. Meals, Food and Refreshments

1. Business Meals

Business meals (breakfast, lunch, dinner), both internal and external, for College employees and College employees hosting external guests or constituents on behalf of the College, must have a direct business purpose where the main focus is the business activity and the meal is incidental. Business meals should be infrequent, and are to be appropriate to the hosted guest(s) and business purpose, while at a reasonable and modest cost. Wherever possible, College facilities and food services should be utilized.

With the exception of extenuating circumstances, business meals require pre-authorization from a second, higher level approver whenever possible by using the Hosting Authorization Form. The Hosting Authorization Form serves to provide the required business purpose, general identity of participants and supervisory pre-

approval, and is intended to be used with all of the available payment tools (P-Card, LCD, expense reimbursement, check request, IDB from Food Services, departmental OneCard payment to a Redwood Food Court vendor or other off-campus restaurant that accepts SLCC OneCard).

Alcoholic beverages associated with business meals are not to be purchased with College funds at any time.

2. **Food and Beverage for Internal College Functions, Employee-related**

Food and beverage may be purchased at College expense for internal College-related functions, including training, extended meetings, meetings that encompass the lunch hour, open house events, retreats, and other official gatherings (such as graduation and retirement receptions). The food and beverage should be appropriate to the function and at a reasonable cost. Wherever possible, College facilities and food services should be utilized.

With the exception of extenuating circumstances, food and beverage for internal College functions require pre-authorization from a second, higher level approver whenever possible. The Hosting Authorization Form serves to provide the required business purpose, general identity of participants and supervisory pre-approval, and is intended to be used with all of the available payment tools (P-Card, LCD, expense reimbursement, check request, IDB from Food Services, departmental OneCard payment to a Redwood Food Court vendor or other off-campus restaurant that accepts SLCC OneCard).

Education and General funds shall not be used for employee socials; however, infrequent socials are permitted using Institutional Investment Income (III) funds, subject to availability. When III balances are sufficient, each vice president will receive an annual social events allocation based on a modest monetary amount per employee.

3. **Food and Beverage for Student Functions**

Food and beverage may be purchased at College expense, where appropriate, for student functions. The food and beverage should be appropriate to the function and at a reasonable cost. The Hosting Authorization Form is not required for student-related events and functions.

4. **Candy, Treats, Bottled Water for College Business or Student Functions**

Candy, other treats and bottled water may be purchased at College expense for College or student functions. The candy and/or treats should be appropriate to the function and at a reasonable cost. The Hosting Authorization Form is not required for the purchase of candy, bottled water and other treats.

5. **Restrictions**

There are certain items that may be inappropriate or are simply prohibited to be purchased with College funds. Expenditures for personal use and benefit are prohibited.

a) **Food and/or Beverages for Employee Birthday, Other Personal Life Occasions, Holiday Gifts**

College funds may not be used to purchase food or meals for employee birthdays, other personal-life celebratory occasions or food-related holiday gifts.

b) **Alcoholic Beverages**

Alcoholic beverages, including those associated with business meals, are not to be purchased with College funds at any time.

c) **Travel Meals (Travel Expense)**

Qualifying meals during business-related travel are considered a travel expense and are not subject to the Low Dollar Purchase Guidelines, and are not to be purchased via P-Card. Business travel-related meals do not require a Hosting Authorization Form, as they are a travel-related expense based on established per diem rates.

III. Flowers

1. **Funeral**

a) **Employee or Employee Immediate Family**

Flowers/floral arrangements or plants may be purchased with College funds for the funeral of a current employee or a current employee's immediate family member. For the purpose of the Low Dollar Purchase Guidelines, "immediate family" is defined per the Funeral Leave Policy (SLCC Policies and Procedures, Chapter 2, Section 4.09, Funeral Leave). The purchase of such should be coordinated through the office of the employee's immediate supervisor.

There is no substitution in lieu of flowers/floral arrangement or a plant. College funds cannot be expended for an equivalent monetary donation to a not-for-profit organization, such as the American Cancer Society, nor can donations be made to a for-profit organization.

b) **Student**

Flowers/floral arrangements may be purchased with College funds for the funeral of a currently enrolled SLCC student. The purchase of such should be coordinated through the Office of the Vice President for Student Services or her/his designee. There is no substitution in lieu of flowers/floral arrangement or a plant.

c) **Dignitary**

Flowers/floral arrangements may be purchased with College funds for the funeral of a donor, trustee, board member or their spouse. The purchase of such should be coordinated through the Office of the President or her/his designee. There is no substitution in lieu of flowers/floral arrangement or a plant.

2. **Hospitalization**

Flowers/floral arrangements or plants may be purchased with College funds for an employee that is hospitalized (may be delivered while hospitalized or to employee's location of recovery). The purchase of such should be coordinated through the office of the employee's immediate supervisor.

Flowers/floral arrangement or a plant for hospitalization may be substituted, where appropriate, for a non-monetary equivalent: Mylar balloon bouquet, cookie bouquet, or similar sentiment recognized as hospitalization-appropriate.

3. **Decorations**

Flowers/floral arrangements intended for use as decorations for College functions or events (graduation, holiday, retirement reception, and open house events) may be purchased with College funds. This would include decorations associated with said functions and events in SLCC locations considered to be public areas and areas where the public is received, such as receptionist desks and lobbies. The flowers/floral arrangement should be appropriate to the function and at a reasonable cost.

4. **Retiring Employee**

Floral corsages/boutonnieres may be purchased with College funds for retiring employees being honored at an official College retirement reception. This provision does not apply to employees leaving the College's employ for reasons other than retirement.

5. **Restrictions**

a) **Profession-specific Observance Days**

Flowers/floral arrangements or plants may not be purchased with College funds for the recognition of employees for nationally recognized profession-specific observance days, such as Administrative Professionals Day (formerly Secretaries Day), Bosses Day, etc.

b) **Personal-life Events**

Flowers/floral arrangements may not be purchased with College funds for employee birthday, wedding, non-hospitalized illness or other personal-life events.

c) **Floral Décor of Employee Offices/Cubicles**

Flowers/floral arrangements may not be purchased with College funds for the decoration of individual employee offices or cubicles, with the exception of special purchases made by the Office of the President.

IV. Gifts

1. **Cards**

a) **Birthday or Get Well Greeting Cards, Employee-related**

It is permissible for administrators to recognize employee birthdays or illness through cards purchased with departmental funds.

b) **Condolence Cards**

It is permissible for administrators to purchase condolence cards with departmental funds to accompany funeral-related floral arrangements (see Section III, 1. a., 1. b., and 1. c.).

c) **Holiday Greeting Cards**

The Office of the President will share with SLCC departments their official holiday greeting card list of the people and organizations that will receive a holiday greeting card from the College. College departments are not to send duplicate greeting cards to those on this official list. Departments are welcome to co-sign on the holiday greeting cards; departments may coordinate the co-signature process with the Office of the President, X4225.

Departments may purchase holiday greeting cards for external distribution where appropriate.

d) **Thank You Cards**

General thank you cards or notes for business purposes may be purchased with College funds.

2. **Thank You Gifts**

Gifts to serve as a “thank you” from the College, where appropriate, should generally not exceed a value of \$50 per occurrence or per person. Thank you gifts may not be in the form of cash. Gift certificates are permissible, but must not be redeemable for cash.

3. **Prize Giveaways**

Individual gifts intended as prize giveaways at College events and functions may be purchased with College funds. Individual gifts must be appropriate to the event or function, and the cost of each gift must be modest and reasonable.

4. **Retirement Gifts**

Departments may use a check (through Payroll), savings bond, gift certificate or a tangible merchandise gift (such as a watch or clock) to honor employees who are retiring. A retirement gift may not exceed \$200.00 in total value.

a) **Cash Gifts**

To issue a “direct monetary” gift, a department must process the award and make all payments through the Payroll System. The Payroll System automatically withholds the Social Security, federal and state income taxes from the payroll check. The gross amount of the gift is included as taxable income on the employee’s W-2.

b) **Cash Equivalent Gifts**

Items such as gift certificates that are redeemable for cash and savings bonds that are given as retirement gifts are considered taxable income to the employee and must be reported to the Payroll Office. Additional employee benefit expenses of such awards will also be charged to the department making the award.

c) **Non-Cash Gifts**

Retirement gifts of tangible merchandise or gift certificates that can be redeemed only for merchandise valued at \$200 or less are not taxable to the employee.

5. **Employee Incentive Awards, Rewards and Recognition Gifts ***

a) **Individual incentive awards, rewards, or recognition gifts**

These should generally not exceed a value of \$50 per occurrence and/or a cumulative annual value of \$200 per employee in any fiscal year. Individual awards may not be in the form of cash. Gift certificates are permissible, but must not be redeemable for cash.

b) **“Years of Service” Awards**

These awards are governed and presented to employees by SLCC Human Resources and are not to be given by departments.

* The dollar limits in this section do not apply to the annual College/Foundation Outstanding Faculty and Staff awards.

6. **Restrictions**

a) **General Occasion Greeting Cards**

General occasion greeting cards may not be purchased with College funds. Card topics include wedding, baby, special occasion, profession-specific observance days, congratulatory or encouragement.

- b) **Profession-specific Observance Day Gifts**
Gifts and cards of any kind may not be purchased with College funds for the recognition of employees for nationally recognized profession-specific observance days, such as Administrative Professionals Day (formerly National Secretary's Day), Bosses Day, etc.
- c) **Holiday Gifts**
Holiday gifts of any kind intended for employees may not be purchased with College funds, with the exception of special gifts provided through the Office of the President.
- d) **Personal Event/Occasion Gifts**
Gifts in recognition of personal-life events or occasions may not be purchased with College funds. Personal-life events or occasions include birthday, sympathy, condolence (except for floral arrangements for immediate family members as noted under Section III), wedding, baby, special occasion, congratulatory or encouragement.

V. Honorarium

An honorarium is defined as a voluntary cash payment given to a **non-employee** professional person for a service(s) for which fees are not traditionally or legally required. An Independent Contractor Form must be completed for every honorarium payment to capture necessary payee and tax information. An honorarium payment valued at \$500 or less may be made using a Limited Cash Draft (LCD). For payments between \$500 and \$1,000 use a completed Independent Contractor Form to request a check through Accounts Payable.

VI. Decorations

Decorations, including balloons, banners, floral arrangements, and other event-specific or festive items may be purchased with College funds for College functions or events (graduation, holiday, retirement reception, open house events and conferences) and for decoration of SLCC public areas and areas where the public is received, such as receptionist desks and lobbies. The decorative item(s) should be appropriate to the function and at a reasonable cost.

Note: Holiday decorations may not be of a religious or sectarian nature.

VII. Promotional Items

Promotional and incentive advertising-related items (such as pins, cups, t-shirts) with the College logo may be purchased in association with training events, conferences,

promotional campaigns, advocacy initiatives and as incentives to specific target audiences. The promotional item(s) selected should be purchased in reasonable quantity and at a reasonable cost in relationship to the possible impact or outcome.

Image-related wearing apparel (not uniforms) with the College logo, intended to be worn with the express purpose of promoting and advancing the College, may be purchased with College funds. The apparel item(s) selected must be College-appropriate and at a reasonable and modest cost. Accumulated apparel item(s) per employee should be minimal.

VIII. Breakroom/Kitchen Items

Individual managers may decide whether to purchase reasonable items for the department's break room/kitchen area. Reasonable items may include a size-appropriate refrigerator, microwave oven, coffee maker, plastic utensils, paper plates, napkins, paper towels, tissue, bottled water dispenser, and clean-up supplies.

IX. Student Activity/Event Purchases

The above restrictions may be modified on low dollar purchases of meals, food, decorations, gifts, etc., if the purchases are for bona fide student activities, events or individual students. Such purchases should be appropriate and reasonable for the occasion, and the "student" purpose clearly documented. However, gifts for individual student personal-life events (i.e. birthday, wedding, births, illness, etc.) are not allowed.

The fact that College employees may participate in student activities does not negate the above modifications if the primary focus is intended for students.

The Student Life and Leadership Office may implement additional low dollar purchase guidelines consistent with these instructions to govern the prudent disbursement of student activity fees.

The purchase of alcoholic beverages for student activities and events is also prohibited.

X. Questions?

If you have questions concerning these Low Dollar Purchase Guidelines please contact Purchasing Services, X4255.