



October 26, 2007

## Reminder about Event Contracts

Commencement and holiday events are being planned on all CU campuses to recognize students, faculty and staff for their achievements throughout the year. Each planned event usually includes a contract for facility usage, lodging, conference and catered services.

University policy requires that all event contracts, regardless of dollar value, be processed through the Procurement Service Center (PSC) for review and signature prior to the event taking place. In addition, CU policy does not permit deposits or advance payments being made, or services being performed, before the contract is properly approved.

Event contracts, along with the required event forms and purchase requisition, should be sent to the PSC for processing four to six weeks prior to the event taking place to ensure timely completion of the contract and to avoid an after-the-fact purchase.

For more information contact [Ed Dinkins](#), Purchasing Agent at 303-315-2791.

## Choosing Forms: SOW vs. HNR

Contracting services in any dollar amount from an independent contractor requires a Scope of Work (SOW) form. The SOW must be signed both by the service provider and the *Organizational Unit* and approved by your campus Human Resources Office before work begins.

The Honorarium (HNR) form, on the other hand, is used to support and explain a true honorarium payment greater than \$75. An honorarium is a payment made to an individual as a gesture of appreciation, when no expectation or commitment existed for that payment. (Like the SOW, the HNR form is also reviewed and signed by your campus Human Resources office.) By definition, an honorarium is a transaction that is identified only after a service has been provided. In the SOW case, the service is agreed-upon and the fee was negotiated in advance.

Occasionally, a department will use the term “honorarium” on the SOW form. This practice is discouraged. However, if you have negotiated the payment prior to the event, it’s a payment for services and not an honorarium. The SOW is the correct form to use in this case.

## Explaining a Reimbursement

The Payment Voucher (PV) form now asks you to explain why you personally purchased a good...instead of using one of the University’s prescribed small-dollar procurement methods. Why do you have to provide this explanation? And what do you say?

As described in the [University of Colorado Procurement Rules](#), the University has created several mechanisms for small-dollar purchases, including the Procurement Card (the preferred mechanism) and the Department Purchase Order (DPO). Furthermore, the University relies on a number of pricing agreements on various commodities to ensure the best possible value for the departmental dollar. When an individual personally purchases a good and seeks reimbursement, the purchase is less cost effective. The individual making the purchase invests time and effort, sales tax is paid, and discounts (including free shipping) obtained via pricing agreements are lost.

Accordingly, reimbursement should not be the way by which the department typically obtains a good. So...tell us why it happened this time. Examples might include: “I needed to obtain item X for a specific event and our department cardholder was out of the office that week.” Or, “I saw this item while on a trip and was therefore unable to ask my department to purchase it for our program.”

What is not a good answer in this field? Please note that not having a Procurement Card is not an acceptable answer for ongoing reimbursement requests. If you regularly procure goods for your department, you should be using the Procurement Card, or other appropriate purchasing method, to do so.

## Lydick Named VP of NAEP Rocky Mtn.

Charlene Lydick, C.P.M., was recently elected as the Second Vice-President of the National Association of Educational Procurement (NAEP) Rocky Mountain Region. She will successively hold all chairs spanning the next four years, serving as the President in 2010.

NAEP Rocky Mountain represents over 40 of the region’s most respected educational institutions. This is a prestigious honor for the University of Colorado as well as a tremendous personal accomplishment for Charlene. Congratulations, Charlene!

## Signing the PV: Who & When?

### Requestor Signature

As part of an improved business process, we have recently modified the requirements for Requestor Signature:

- If the PV is for a reimbursement in any dollar amount, the individual seeking the reimbursement must sign as the Requestor.
- If the PV is a direct payment to a vendor and is greater than \$75, then the *org unit* contact person or other individual must sign as the Requestor.

So, if the PV is a direct payment to a vendor and is \$75 or less, the Requestor Signature is not required.

### Organizational Unit Authorizing Signature

The *Organizational Unit* Authorizing Signature is always required on the PV. It must be original. The individual approving the payment cannot be the same person as the requestor (if the Requestor Signature was required, see above). Furthermore, it is the *organizational unit’s* responsibility to ensure that the approver is not a beneficiary of the good or service and is not a subordinate of the individual being refunded/reimbursed or a subordinate of the individual beneficiary of the good or service.

### Administrative Compliance Approver Signature

The revised Payment Voucher (PV) now includes a space for a new signature – that of the Administrative Compliance Approver. But who is this person? And when do they need to sign the PV form?

The Administrative Compliance Approver signature is an **additional** authorizing signature that is required only under specific situations. To understand **who** might provide this additional signature, refer to the Administrative Policy Statement (APS) [Fiscal Roles and Responsibilities](#). This APS explains that *University Administrative Offices* – Human Resources, Sponsored Projects, Controller, etc. – are required to review certain *fiscal transactions* to ensure compliance with all applicable policies, rules, and restrictions.

To understand **when** this additional signature is needed, look in the Allowability Conditions column of the PSC Procedural Statement [Payment Voucher Authorization and Use](#). This column identifies additional restrictions or conditions that apply to the specific good or service. For the entry “Donations and Contributions,” for example, the Allowability column references the APS Donations. This APS identifies when specific approvals are required (e.g., from the Vice President/Vice Chancellor for Finance, or an officer). According to the requirements of the APS, then, the designated individual would need to sign the PV form and would do so on the Administrative Compliance Approver line.

A reminder from Payable Services: On the revised PV form, the *Organizational Unit* Authorizing Signature appears to the right of the Requestor Signature...**not below it**. We have seen many forms with the department approval provided in the wrong (compliance approver) spot.