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# **Segal Design Institute**

## **Financial Quick-Reference Guide**

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# Purchasing

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The purchase of most goods and services from outside vendors is to begin with the initiation of a Requisition in NUFinancials at the time the product or service needs to be ordered. A fully approved and budget checked requisition is then automatically sourced into a Purchase Order.

## To order products/supplies, in order of University preference:

- 1 Catalog requisition through iBuyNU (e.g. OfficeMax, Apple, Dell, CDW, Grainger).
  - All employees except temps and affiliates have Shopper access to create a shopping cart and then submit it to a requester to place the order.
- 2 Non-catalog requisition for Preferred Vendor (e.g. FastSigns, Food for Thought, ABT)
- 3 Non-catalog requisition for Non-preferred vendor (e.g. McMaster-Carr, SparkFun, Uline)
- 4 P-card (with documentation in the expense report notes) for
  - a vendor that does not accept POs
  - an online retailer
  - an emergency/time-sensitive purchase
- 5 Reimbursement through an [Expense Report](#) for emergency/time-sensitive purchases.

## To pay for services, in order of preference:

- 1 A Requisition is preferred, except in situations such as direct-billed contracted services or services for which it is the normal practice to pay in advance.
  - 2 If a Requisition/PO is not applicable, request an invoice and pay with an online voucher.
  - 3 If vendor does not issue invoices, then use a P-card (document this in the expense report notes).
  - 4 Reimbursement through an [Expense Report](#) for emergency/time-sensitive purchases.
- ✧ See [Payments to Individuals](#) page if the service provider is not a company.

## Purchases of \$25,000 or more

- ✧ Competitive bids must be solicited from at least 3 vendors.
- ✧ Alternatively, provide sole source justification that one vendor is uniquely qualified.
- ✧ Procurement Services can conduct bidding or negotiate with vendors on your behalf.
- ✧ A contract may be necessary, which must be reviewed by the Office of General Counsel.

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## Resources:

### Purchasing Policy

<http://www.northwestern.edu/userservices/purchasing/policy.pdf>

### Preferred vendors

<http://www.northwestern.edu/procurement/purchasing/purchasing-strategic-sourcing/preferred-vendors/secure/index.html>

### Using iBuyNU

<http://ffra.northwestern.edu/training/fms801-create-and-assign-a-shopping-cart.html>

\*Special instructions for **capital purchases** (individual item of \$5,000 or more):

<http://ffra.northwestern.edu/training/fms803-create-requisition-purchase-capital-equipment.html>

# Procurement Cards

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Procurement cards are *not* the preferred method to pay for goods or services. The purchase of most goods and services from outside vendors should begin with the initiation of a Requisition in NUFinancials at the time the product or service needs to be ordered.

## Correct Uses of P-Card

- ✧ Conference registration
- ✧ Association memberships
- ✧ Subscriptions (magazines, professional journals, etc.)
- ✧ Small catering needs (box lunches, food trays; if applicable include attendee list)
- ✧ Items only available from online vendors or from a vendor that does not accept purchase orders/issue invoices\*
- ✧ Services provided by a vendor that does not issue invoices\*
- ✧ Emergency purchases or time sensitive situations\*

*\* Document these exceptions in the transaction notes in the NUFinancials expense report*

## Incorrect Uses of P-Card

- ✧ Purchase of any item that can be purchased through iBuyNU (i.e. supplies, computers, toner, printers, etc.)
- ✧ Travel (airline tickets, hotels, rental cars, meals, etc.)
- ✧ Alcoholic beverages
- ✧ Dining at restaurants (group meals, department outings)
- ✧ Deposits for events (catering, hotel reservations, etc.)
- ✧ Individual gifts
- ✧ Purchases of \$5K or more, including capital equipment
- ✧ Purchases of any item not allowed by NU policy
- ✧ Personal use
- ✧ Any changes to infrastructure, which must be arranged through Facilities Management.

## P-card holders must:

- ✧ Never share P-cards or P-card numbers with anyone, including staff, faculty, & students.
- ✧ Create an expense report in NUFinancials on a regular basis (once per week suggested) to reconcile the P-card transactions. A receipt must be uploaded for each transaction.
- ✧ For monthly reconciliations up through January 2016, retain records for 8 years.
- ✧ For Amazon purchasing, maintain a business-only account linked to the Northwestern University Amazon business account.

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## Resources:

Northwestern Cardholder Guide

<http://www.northwestern.edu/procurement/payment/procard/docs/procurement-cardholder-guide.pdf>

McCormick P-Card policy

<http://www.northwestern.edu/procurement/payment/procard/docs/mcc-procard-policy.pdf>

Expense Report Guide

<http://ffra.northwestern.edu/training/fms807-enter-expense-report-my-wallet.html>

Amazon Account Setup

<http://www.northwestern.edu/procurement/payment/procard/amazon/index.html>

# Food & Refreshments

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## Allowable:

- ✧ Modest refreshments at department meetings at either monthly or quarterly intervals. (Keep morning meeting refreshments to a minimum.)
- ✧ Seminars, visitor collaboration, networking, workshops with research groups, occurring no more than once or possibly twice per month.

## NOT allowable:

- ✧ Purchasing food on a continual basis for employees or students.
- ✧ Purchasing food for a regularly scheduled weekly meeting or for daily consumption.
- ✧ Purchasing meals during normal working hours, when not traveling.

## Catering:

- ✧ Allowances are
  - \$1-4 per person for refreshments/light food
  - \$5-10 per person for informal lunch
  - \$27 per person for formal event – extremely limited application (see [Events](#))
- ✧ A requisition is the preferred method to arrange payment for catering.
- ✧ P-cards may be used (indicate catering in expense report notes).
- ✧ For all catering orders or refreshments, please document the number of attendees.
- ✧ For all individual meals, please document each attendee's name and affiliation.

## Restaurant Meals:

- ✧ Allowable if there is a legitimate business purpose involving non-University personnel.
- ✧ Never use a P-card for dining in a restaurant.
- ✧ Submit an Expense Report for reimbursement stating the business purpose.
- ✧ Taxes and gratuities are reimbursable.
- ✧ There can be no more than 3 NU faculty/staff/students to 1 visitor (3:1 ratio).
- ✧ Document each attendee's name and affiliation.
- ✧ Limit spending to \$65 per person (including tax and tip).

## Alcohol:

- ✧ Alcoholic beverages are prohibited on sponsored projects and otherwise discouraged.
- ✧ Separate out alcohol from other costs and use the established alcohol account code.

## Grocery stores:

- ✧ Tax will not be reimbursed from local vendors or grocers (see [Tax Exempt Status](#))

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## Resources:

McCormick Refreshments Policy

<http://www.mccormick.northwestern.edu/faculty-staff-resources/documents/staff/finance/budget-mccormick-refreshment-policy.pdf>

NU Travel, Entertainment & Courtesy Policy

<http://www.northwestern.edu/financial-operations/policies-procedures/policies/entertainment.pdf>

# 90 Day Rule

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**All University expenses must be posted within 90 days of occurrence.**

- ✧ For contracted services, this is measured from when the service begins, so please request monthly invoicing.
- ✧ If an expense has not been posted within 90 days, an exception form must be submitted to obtain approval to process the transaction.

## Resources:

90 Day Exception Form:

<http://www.mccormick.northwestern.edu/faculty-staff-resources/documents/staff/finance/budget-mccormick-reimbursement-exception-90day-form.pdf>

# Contracts

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Only specific individuals at the School or University level are authorized to sign contracts on behalf of the University.

- ✧ For events (catering, restaurants, hotels, and venues), see the Events section below.
- ✧ For all other contracts, review by the Office of General Counsel is required.

## Resources:

Office of General Counsel Contract Review and Approval Process:

<http://www.northwestern.edu/general-counsel/contracts/index.html>

# Events

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- ✧ Contracts for events (catering, restaurants, hotels, venue rental) must be submitted for review to the McCormick Office of Administration, Finance, and Planning.
  - Certificate of Insurance (COI) and Northwestern Event Rider are also required.
- ✧ One annual holiday party, and one appreciation party, may be funded by the department at \$27 per department attendee (no allocation for guests such as spouses).
- ✧ Retreats or retirement parties may be allowable with permission of the Dean's Office.
- ✧ Events to introduce new faculty or staff to employees may be allowable if there is a clear business purpose and specific guest list.
- ✧ University funds may not be used for parties in celebration of events such as weddings, birthdays, births, promotions, dissertation defenses, or colleague departures. The University suggests that contributions be solicited from attendees for such events.

## Resources:

McCormick Event Planning Website (*includes links to Review Process, COI Matrix that shows which documents are required in which situation, and Events Rider*):

<http://www.mccormick.northwestern.edu/marketing/events/>

Conflict of Interest Form:

<http://www.northwestern.edu/financial-operations/policies-procedures/purchasing/conflict-of-interest-certification-statement.pdf>

NU Travel, Entertainment & Courtesy Policy:

<http://www.northwestern.edu/financial-operations/policies-procedures/policies/entertainment.pdf>

# Tax Exempt Status

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Tax exemption is to be used exclusively to make purchases for use by Northwestern University and is not for personal use by individuals, faculty, staff, or students.

## Exceptions to tax-exemption:

- ✧ The University is **not** exempt from Food and Lodging Tax on hotel rooms and restaurant meals. (*Catered* meetings and events *do* fall under Sales and Use Tax and are tax exempt.)
- ✧ The University is **not** exempt from other taxes associated with catered meetings and events, such as City Tax, A/V Equipment Tax, Entertainment Tax, etc.

## Requests for Northwestern's Tax-Exemption Certificate:

- ✧ If ordering through a requisition, POs include tax-exempt information.
- ✧ An **Illinois Tax Exempt One-Time Use Letter\***, that many vendors will accept, is available for individual purchases. You must obtain a signature for department approval.
- ✧ Procurement and Payment Services ([purchasing@northwestern.edu](mailto:purchasing@northwestern.edu)) can send the official Illinois Tax-Exempt Certificate (or the official certificate from other states where NU is tax-exempt) directly to vendors that do not accept either of the above.

## Reimbursement for taxes:

- ✧ Sales and Use taxes are not reimbursable when an employee has extended personal funds for the purchase.

## Use of University's tax-exempt status in other states:

- ✧ Northwestern University has been granted tax-exempt status in several other states.<sup>+</sup>
- ✧ This would apply to
  - events you are planning in another state, or
  - purchasing goods and/or services from a vendor located in another state.
- ✧ Contact [purchasing@northwestern.edu](mailto:purchasing@northwestern.edu) to provide the vendor with documentation.

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## Resources:

\* Illinois Tax Exempt One-Time Use Letter

For Faculty and Staff:

<http://www.northwestern.edu/procurement/purchasing/purchasing-strategic-sourcing/preferred-vendors/secure/docs/tax-one-time-use-letter.pdf>

For Students:

<http://www.northwestern.edu/procurement/purchasing/purchasing-strategic-sourcing/preferred-vendors/secure/docs/tax-one-time-use-letter-student-groups.pdf>

+ States in which Northwestern has tax-exempt status:

<http://www.northwestern.edu/procurement/policies-forms/tax-exempt-status.html>

# Expense Reports

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## Employee Expense Report

- ✧ Employee expense reports are to reimburse those currently on Northwestern payroll.
- ✧ The Expense Report must include a clearly stated legitimate business purpose.
  - When charging expenses to a grant, also include the Project ID, project name and the Principal Investigator's name in the Comment field.
- ✧ A report should be submitted **within 30 days** of the expense or return from travel.
  - For travel, enter each trip on a separate expense report.
  - Reports may be entered by proxy by a staff member.
- ✧ Electronic approval by the employee and the employee's supervisor is required.
  - If electronic workflow is unavailable, obtain & attach wet signatures.
- ✧ Original itemized receipts must be provided for all expenses.
  - These should show **vendor name, date, items purchased, and amount for each**.
  - A credit card receipt that is not itemized, or bank/credit card statements, are NOT acceptable documentation, but are encouraged in the case of lost receipts.
- ✧ Details needed for specific items:
  - All travel expenses must be documented, including those pre-paid or direct-billed; check "non-reimbursable" for items not paid by the employee.
  - Each line of the expense report should include a Description.
  - For group meals, names of attendees and relationship to NU is required.
  - For hotel stays, enter number of nights.
  - For personal vehicle use, enter number of miles driven and upload a page from Google/Yahoo Maps or MapQuest showing start and end points and mileage.
  - For transactions in foreign currency, the Currency tab must be used, with the exchange rate from the Oanda currency converter uploaded as an attachment.
- ✧ In those instances where requests do not conform to stated University policies, a Reimbursement Exception Form\* must be included with explanation of the deviation.

## Visitor's Expense Report

- ✧ Visitor's Expense Reports are used for anyone not on NU payroll, including students.
- ✧ Though using a different format, the policies mirror those above.

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## Resources:

Guide to entering an Expense Report:

<http://ffra.northwestern.edu/training/fms807-entering-expense-report.html>

Foreign Currency Tab:

<http://ffra.northwestern.edu/training/fms807-entering-foreign-currency.html>

Entering Per Diems:

<http://ffra.northwestern.edu/training/fms807-using-per-diem-expense-report.html>

\* Reimbursement Exception Form:

<http://www.mccormick.northwestern.edu/faculty-staff-resources/documents/staff/finance/budget-mccormick-reimbursement-exception-90day-form.pdf>

Guide to using the Visitor's Expense Report:

<http://ffra.northwestern.edu/training/fms832-using-the-visitors-expense-report.html>



# Travel

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**Travel Arrangements** should be authorized in advance by the employee's supervisor.

- ✧ **Registration fees** for a meeting or conference can be paid directly by Northwestern.
- ✧ **University-designated Travel Agencies** (including Egencia)
  - Agencies should be used to arrange air and rail travel, hotel, and car rental.
  - Airline tickets and hotels can be direct-billed to a chart string.
- ✧ **Ground transportation**
  - University Motor Pool is preferred whenever possible for business travel.
  - Otherwise, use NU's designated vehicle rental agencies whenever possible through links on NU Travel Services website.
    - Not supposed to use rentals if less expensive transportation is available.
  - If using a private vehicle, you may be reimbursed per mile.
  - Tolls and reasonable parking charges are reimbursable.
  - Public transportation (bus, train) is reimbursable.
  - Shuttle, limousine, livery, Uber, Lyft, or similar services are allowable when cost is comparable to other ground transportation options.
- ✧ **Lodging**
  - Book standard accommodations at reasonably priced hotels/motels.
  - Ask for educational discounts. Big 10 discounts are available.
  - For a conference site hotel, include conference literature to verify the rate.
  - When lodging with friends or relatives, employees may be reimbursed for additional costs the host incurs in accommodating them. A token of appreciation (not to exceed \$100) such as a meal or flowers may be given.
- ✧ **Meals** can be reimbursed with *itemized* receipts.
  - Breakfast and lunch: reasonable and actual expenses (perhaps \$10 - \$20).
  - Dinner: not to exceed \$65 per person including tax and tip.
- ✧ **Per diems** for meals and incidental expenses (no receipts required)
  - Should be arranged with supervisor in advance of the trip.
  - Maximum per diem amounts are specific to location.
  - Consult the Travel Policy for definition of incidentals and important details.
- ✧ **Travel advances** of \$350+ for travel of 14+ days may be requested for employees.
- ✧ **Sponsored Programs** have stricter requirements; consult the Travel Policy and Grant Administrator prior to making arrangements. Alcohol is never allowable.

## Reimbursement

- ✧ With the exception of direct-charging noted above, personal funds must be expended and an [Expense Report](#) submitted **within 30 days** after completion of travel.
- ✧ Reimbursement will not be made prior to completion of travel.

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## Resources:

NU Travel, Entertainment & Courtesy Policy (detailed regulations)

<http://www.northwestern.edu/financial-operations/policies-procedures/policies/entertainment.pdf>

University Travel Services Website (practical resource for arranging travel)

<http://www.northwestern.edu/userservices/travel/index.html>

# Payments to Individuals

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There are many laws and policies surrounding how to pay individuals, some of which appear below. In addition, every effort should be made to pay people for their work on a timely basis.

## Best Practice:

If you wish to pay an individual for a service provided, contact Segal's Financial Coordinator at least 2 to 4 weeks *before any work is done* to determine the best way to do so.

## Independent Contractor vs. Company

- ✧ Sometimes an individual has a formally established company.
  - If they already have a vendor record, their status can be verified in the system.
  - If they are new, they must complete a W-9\*, which will contain this information.
- ✧ Independent contractors *must* be paid by Contracted Services Form for U.S. Residents<sup>+</sup>.
  - Must be paid within 90 days of *beginning* of service, so monthly billing is ideal.
  - If paid on a grant, the *originals* must be sent to ASRSP for approval.
- ✧ See the [Purchasing](#) page for payments to companies.

## Independent Contractor vs. Employee

- ✧ To add a person as an independent contractor, you must answer a questionnaire<sup>^</sup> to verify this determination. To summarize these concepts:
  - If the individual is currently on payroll, or has been in the current calendar year, they *must* be hired as an employee, *not* as an independent contractor.
  - If you will instruct the individual on when, where, and how the job is done – or if you will control economic aspects of the worker's activities – they are likely not an independent contractor and should be hired as an employee.

## New employees/rehires

- ✧ It is *illegal* for people to work as an employee at Northwestern if they don't have an active I-9. Even if they've worked here before, their I-9 could be expired.
- ✧ There is other payroll paperwork that they need to complete promptly upon hiring.
- ✧ Setup time can be lengthy; without advance notice, payment may be delayed as much as 8 weeks.

## Current employees

- ✧ Advance approval from an employee's home department and the Dean's Office must be received before they begin a new assignment. This can even apply to students.
- ✧ A formal offer of work and/or compensation amount may not be issued to an employee prior to receiving advance approval from their home department and the Dean's Office.

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## Resources:

\* W-9 form:

<https://www.irs.gov/pub/irs-pdf/fw9.pdf>

+ Contracted Services Form for U.S. Residents:

<http://www.northwestern.edu/financial-operations/policies-procedures/forms/contractedservices.pdf>

^ Independent Contractor Questionnaire:

<http://www.northwestern.edu/hr/policies-forms/forms/payroll-administration/IndependentContractorQuestionnaire.pdf>

# Account Codes

Account codes categorize income and expenses for financial statements and budgetary analysis.

## Categories of account codes:

40000 Revenues (external)      60000 Payroll Expense      80000 Transfers between  
50000 Revenues (internal)      70000 Non-Payroll Expense      chart strings

## Common errors when selecting an account code:

- ✧ Service vs. Supplies: the account should reflect whether you purchased a service or a physical item.
- ✧ Supplies vs. equipment: supplies are consumable, while equipment is more permanent.
- ✧ Travel: always use travel codes when making travel-related purchases.
- ✧ Capital vs. non-capital: capital equipment is an individual item of \$5,000 or more.\*

## Common account codes:

40698	MISC SALES AND SERVICES	40778	MISCELLANEOUS FEES
73010	PAPER AND OFFICE SUPPLIES	76765	DOMESTIC TRAVEL
73075	COMPUTER SUPPLIES	76766	DOMESTIC TRAVEL-HOTEL/LODGING
73100	PURCHASED SOFTWARE	76767	DOMESTIC TRAVEL-MEALS & INCIDENTALS
73475	LAB SUPPLIES AND HARDWARE	76768	DOMESTIC TRAVEL-MEALS-GROUP
73480	LAB GASES	76769	DOMESTIC TRAVEL-ALCOHOL BEVER
73910	BOOKS	76777	DOMESTIC TRAVEL-MEETING & CONF FEES
73989	ELECTRONIC ONGOING	76770	FOREIGN TRAVEL-TRANSPORT
75010	PROFESSIONAL/CONSULT SVCS	76771	FOREIGN TRAVEL-HOTEL/LODGING
75030	MEMBERSHIP DUES	76772	FOREIGN TRAVEL-MEALS & INCIDENTALS
75130	EXTERNAL PRINTING SERVICES	76773	FOREIGN TRAVEL-MEALS-GROUP
75150	ADVERTISING AND PROMOTIONS	76778	FOREIGN TRAVEL-MEETING & CONF FEES
75210	IT TECH & CONSULT SERVICES	77010	OFFICE EQUIP-NON CAPITAL
75260	LEASED SOFTWARE	77020	SCI INSTRUMENTS-NON CAPITAL
75340	LABORATORY SERVICES	77030	COMPUTERS-NON CAPITAL
75440	REPAIR EXPENSE	77050	AV EQUIPMENT-UNDER \$5000
75495	EXTERNAL FURN/EQUIP RENTAL	77510	*FURNITURE-CAPITAL
75690	FOOD SERVICE PAYMENTS	77545	*AV EQUIPMENT-CAPITAL
75710	COMMENCEMENT EXPENSE	77550	*OTHER CAPITAL OFFICE EQUIPMENT
76710	GENERAL TRAVEL	77560	*SCIENTIFIC INSTRUMENTS-CAPITAL
76725	SPECIAL EVENTS-EDUCATIONAL	77570	*COMPUTERS-CAPITAL
76730	PROFESSIONAL DEVELOPMENT	78110	PRIZES AND AWARDS

## Resources:

Full guide to account codes, including descriptions:

<http://www.northwestern.edu/financial-operations/policies-procedures/reporting/guide-to-accounts-tool.xlsx>

\*Special instructions for capital purchases (individual item of \$5,000 or more):

<http://ffra.northwestern.edu/training/fms803-create-requisition-purchase-capital-equipment.html>

# Sponsored Projects/Grants

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Sponsored Projects are complex and involve several University offices. Segal's Financial Coordinator assists with the grant management processes.

## Proposals

- ✧ Never apply for a grant directly to the granting organization. The process must always begin by creating an internal proposal.
  - The bulk of the proposal must be completed in the NUIT system by 5 business days before the sponsor deadline.
  - Information is inputted into the system by the McCormick research administrator assigned to Segal. Segal's Financial Coordinator can connect you.
  - Some items/registrations/determinations necessary for the proposal may take several weeks, so contact the Research Administrator as early as possible.

## Processing Transactions

- ✧ Identify grant chart strings by a fund in the 600s. (Project also begins with a 6.)
- ✧ The PI (Principal Investigator) must always sign any documents required to process financial transactions on the sponsored chart string.
- ✧ Expenditures should carefully follow the budget as outlined in the proposal (or as modified to match the final award amount).
- ✧ Only account codes from the proposal budget will be open for charging. A request with detailed justification may be submitted to open other account codes if necessary.
- ✧ Purchasing on the grant chart string should be limited to items that will be uniquely used for work on the grant (i.e. no mingling of supplies).
- ✧ Purchases of capital equipment (\$5,000+) on a grant must be carefully considered.
  - Generally speaking, the item must have been included in the proposal, be necessary for the grant work, and be uniquely used for the grant work.
  - A capital purchase within the final 3 months of a grant is a red flag for an audit.
- ✧ Computer purchases on a grant are generally not permitted, unless directly allocable to the project (i.e. will not be used for work other than the sponsored project).
- ✧ For the Contracted Services Form, *original* signatures are required; after submitting the online voucher, originals must be forwarded to ASRSP (Accounting Services for Research and Sponsored Programs) via campus mail (633 Clark).
- ✧ Travel is more strictly regulated on grants. Check the grant agreement and NU Travel Policies before planning travel.
- ✧ Alcohol can never be charged to a sponsored project.
- ✧ All expenses must be posted by the project end date in order to avoid potential loss of funds. No-cost extensions may be requested with sufficient justification.

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## Resources:

McCormick Office of Research Administration:

<http://www.mccormick.northwestern.edu/research-administration/>

NU Travel, Entertainment & Courtesy Policy:

<http://www.northwestern.edu/financial-operations/policies-procedures/policies/entertainment.pdf>