

SCSU FOUNDATION, INC.

PURCHASING/APPROVAL POLICY

This policy applies to all purchases where funds held by the Foundation are used in payment of any items and/or equipment. Purchases for the same items/equipment may not be split into multiple invoices or payments to avoid the dollar thresholds noted below.

- A. In order to avoid conflicts of interest, any purchase in excess of \$250 from a related party¹ must be accompanied by a minimum of two price quotes.
- B. No advance approval is required for purchases under \$2,500.
- C. For purchases totaling from \$2,500 to \$4,999, pre-approval by the Foundation's Executive Director is required. A Purchase Approval Form should be completed and submitted according to documented procedures.
- D. For purchases totaling \$5,000 and above, multiple quotes and pre-approval by the Foundation's Finance Committee and Executive Director is required. Complete and submit a Purchase Approval Form. Provide a minimum of three price quotes and identify the selected vendor. Purchases through the Foundation are not restricted to the lowest quote. However reasonable justification must be made for selecting a higher quote.

Approved by Audit Committee February 21, 2008

¹ "Related Party" is defined as "A business deal or arrangement between two parties who are joined by a special relationship prior to the deal." Refer to Appendix for further details.

APPENDIX

Related Persons

For purposes of related party transactions:

1. Members of your family, including only your brothers and sisters, half-brothers and half-sisters, spouse, ancestors, and your lineal descendants (child, step-child or foster child, and grandchildren.)
2. Businesses, organizations, and persons who have certain business relationships with you or your business and whom the IRS does not consider disinterested parties. For specific rules, see "Related Party Transactions" in IRS Publication 17, *Your Federal Income Tax*.

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EQUIPMENT ACQUISITION POLICY

Proper control procedures will be followed for all capital asset acquisitions in order to provide internal control of capital equipment and to assist in reporting. Program Directors are responsible and accountable for furniture and equipment and any other capital assets in their departments and will maintain some type of physical control over capital assets.

- A. All purchases of assets in excess of \$5,000 that are not pre-approved through the operating budget process require Executive Committee approval. Executive Committee approval is not required for purchases using temporarily restricted funds, as these funds are controlled by Program Directors. However, any assets paid for by Foundation funds must be transferred to the University by the Foundation Board of Directors.
- B. Capital expenditures are recorded into separate general ledger accounts based on value of the individual asset. Under special circumstances, ownership of equipment is retained by the Foundation and insurance is provided under the Foundation's policy. These purchases are generally made with unrestricted funds and items purchased are to be used solely for the benefit of the Foundation; i.e. computer equipment, software, etc.
- C. In general, all assets acquired in excess of \$500 will be transferred to Southern Connecticut State University and will be expensed on the Foundation's books. Once transferred to Southern Connecticut State University, assets become property of the University and become subject to the University's policies and procedures. Assets purchased in excess of \$500 solely for the use in the Foundation Office operations are properly capitalized on the Foundation's books.

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RECORD KEEPING POLICY

All fixed asset acquisitions, transfers and dispositions will be completely and accurately recorded on a current basis.

- A. The Business Office will maintain asset acquisitions in excess of \$500 in a detailed listing of capital assets on the Foundation's books. The Business Office maintains a listing of all items to be transferred to Southern Connecticut State University.
- B. The auditors will also maintain depreciation records that will include the description, date acquired vendor, cost basis, depreciation method/life and accumulated depreciation and net book value for all capitalized items.
- C. Fixed assets will be maintained for the following major classifications: software and equipment.
- D. The auditors will calculate the annual depreciation by individual asset based upon the straight-line depreciation method on a mid-month convention over the life of the asset.

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