



University of Connecticut Health Center

POLICY NUMBER 2006-28

February 13, 2007

POLICY: PURCHASING B-2: Unauthorized Purchase

PURPOSE:

This policy establishes guidelines for handling unauthorized purchases.

SCOPE:

All University of Connecticut Health Center (UCHC) faculty and staff.

POLICY STATEMENT:

The policy of University of Connecticut Health Center is to ensure that the purchase of all supplies, materials, equipment and contractual services are in accordance with UCHC, State, and Federal policies and procedures including relevant statutes and regulations. Any purchase made without an authorized Purchase Order is an unauthorized purchase unless it is a Non-Purchasing Transaction as defined below (Definition 3). Pursuant to [Chapter 185b, Sec. 10a-151b\(f\)](#) of the Connecticut State Statutes, the Chief Executive Officer of the Health Center may be held personally responsible for any loss incurred through non-compliant contracting. All faculty and staff share this responsibility and may be held personally responsible for non-compliant transactions.

Definitions:

1. Unauthorized Purchase is a purchase transaction made by a Business Owner/individual without a valid Purchase Order (PO).
2. Purchase Transaction (PT) – A PO issued against an approved Purchase Requisition between UCHC and a vendor for the exchange of goods or services for payment.
3. Non-Purchasing Transaction – A commitment which does not require a PO. The responsible departments for these transactions are:
 - a. Research Finance
 - i. Personal Service Agreements
 - b. Accounts Payable
 - i. Honorariums, stipends, clinical study/research payments, tests, donations, etc.
 - ii. Subscriptions, advertisements, dues and memberships under \$10,000.
 - c. Bursar
 - i. Travel Authorizations (hotel and convention rooms not included).

4. Purchase Requisition (PR) - An electronic requisition or a paper three-part, pre-numbered requisition form (HCA-39) which is used to request supplies, equipment, or contractual services. Only individuals who have been authorized through the UCHC Signature Authorization System shall approve PRs.
5. Business Owner (BO) - Person or department submitting a PR for material, service or equipment.
6. Vendor – The supplier of materials, services or equipment requested.
7. Purchase Order (PO) - A computer generated form issued by the Purchasing Department to procure requested supplies, materials, contractual services or equipment on the PR.
8. Supplies - “materials” and “equipment” mean any and all articles of property furnished to or used by UCHC, including all printing, binding, publication of laws, stationery, forms and reports.
9. Contractual Services – Any and all laundry and cleaning services, pest control service, janitorial service, security service, the rental and repair, or maintenance, of equipment, machinery and other state-owned property, advertising and photostating, mimeographing, and other service arrangements where the services are provided by persons other than state employees.
10. Unauthorized Purchase Documentation Form – the form forwarded by the Purchasing Department with a copy of the requisition and any backup materials attached. This form must be completed, signed and returned to the Purchasing Department prior to the issuance of any PO.
11. Office of the Claims Commissioner – The state office where a claim against the state are submitted by a person, firm, contractor or vendor in accordance with [Chapter 53, Sec 4-147](#) Claims Against the State.
12. Claim - A petition for the payment or refund of money by the state or for permission to sue the state.

Responsibilities:

1. **Director of Purchasing** is responsible for ensuring compliance to the policy and notifying the vendor of the necessity to file a claim against the state with the Office of the Claims Commissioner in accordance with [Chapter 53, Secs. 4-141 to 4-165b](#) Claims against the State of the General Statutes of Connecticut.
2. **Purchasing Services Officer (PSO)** reviews all assigned PRs to identify and report all unauthorized purchases to the Assistant Director of Purchasing.
3. **Assistant Director** is responsible for reviewing all Purchase Requisitions ensuring adherence to UCHC policies and procedures and for identifying and reporting unauthorized purchases to the responsible PSO and the Business Owner.
4. **Department Head, Director, or Chairperson** is responsible for reviewing the unauthorized purchase with employee and take corrective action.
5. **Faculty and Staff** are responsible for the unauthorized purchase and may be directly liable for the purchase.
6. **Associate Vice President of Purchasing** is responsible for reviewing unauthorized purchases \$10,000 or over, and consulting with the Director of Purchasing and the Chief Financial Officer regarding resolution of vendor payment.

7. **Chief Financial Officer** is responsible for deciding whether to pay vendor or have vendor submit a Claim against the State through the Office of the Claims Commissioner in accordance with Chapter 53 of the State Statutes.
8. **Director of Public Safety** is responsible for investigating any unauthorized purchase which results in the loss of UCHC physical assets or funds.
9. **Attorney General** is responsible for providing legal counsel relative to the particular circumstances of the unauthorized purchase which resulted in the loss of UCHC physical assets or funds.

Procedures:

Purchasing Process:

1. Purchasing Services Officer shall complete an *Unauthorized Purchase Documentation Form (#1-B2)* with all supporting documentation attached (i.e. invoices) and forwarded to the Assistant Director of Purchasing for review.
2. Assistant Director of Purchasing shall confirm the circumstances of the purchase and ensure that the *Unauthorized Purchase Documentation* form is completed and forwarded to the Department Head, Director or Chairperson of the Business Owner.

Department Process:

Department Head, Director, or Chairperson shall:

1. Review the purchase and take corrective action with the responsible individual.
2. Complete the Unauthorized Purchase Documentation form (#1-B2) which shall include a detailed statement explaining the circumstances surrounding the purchase and what corrective steps have been taken to avoid repetition of the problem.
3. Return the completed Unauthorized Purchase Documentation form to the Assistant Director of Purchasing.

Management and Payment Process for Unauthorized Purchase Process:

1. Assistant Director of Purchasing shall receive the completed *Unauthorized Purchase Documentation* form; review and forward to Director of Purchasing for review, denial, or approval.
2. Director of Purchasing:
 - a. Shall review the *Unauthorized Purchase Documentation* form.
 - b. Shall approve or deny expenditures under \$10,000 and return to Assistant Director of Purchasing for processing.
 - c. Approval or denial of expenditures over \$10,000 requires consultation with the Controller and the Chief Financial Officer.
 - d. Approved expenditures \$10,000 or over shall be returned to the Assistant Director of Purchasing for processing.
 - e. Denied expenditures shall be returned to the Assistant Director of Purchasing and require vendor notification by certified mail. Vendor may file a claim against the State through the Office of the Claims Commissioner.
3. Associate Vice President of Purchasing shall consult with the Director of Purchasing and Chief Financial Officer regarding resolution of unauthorized purchase.
4. Chief Financial Officer shall consult with the Director of Purchasing and Controller regarding resolution of unauthorized purchase.

Disciplinary Action:

Failure to abide by UCHC policies and regulations shall lead to the following disciplinary actions for violations:

1. Procedure for Faculty and Staff: Subject to progressive discipline.
2. Procedure for Vendor:
 - a. Meet with Sales Representative's manager to discuss issue.
 - b. Corrective action shall be implemented.
 - c. Failure to implement corrective action shall result in forfeiture of Sales Representative privileges.
 - d. New account representation assigned

Robert W. Murphy (signed)

3/1/07

Director of Purchasing

Date

Peter Deckers, M.D. (signed)

3/13/07

Executive Vice President

Date

NEW POLICY: February 13, 2007