

AFTER-THE-FACT PURCHASE TRANSACTIONS

An "After-the-Fact" purchase transaction is a purchase that has been made by a staff member without prior issuance of an approved purchase order/contract or use of a Purchasing Card, and then, an attempt is made to initiate a purchase order/contract after-the-fact in order to pay the supplier invoice. Such transactions violate Office of the Chancellor Procurement Policy.

After-the-Fact purchase transactions create significant payment and supplier relationship problems for the Office of the Chancellor. In many cases, these transactions:

- Place the Office of the Chancellor at financial risk and result in higher than necessary costs paid for products and services
- Create unnecessary administrative effort within the procurement department and other administrative offices
- Violate purchasing policies
- Lack competitive bids for transactions with an aggregate dollar value of \$10,000 or more
- Result in supplier contracts with unfavorable terms and conditions signed by unauthorized Office of the Chancellor personnel
- Could result in duplicate payments to the supplier

INSTRUCTIONS FOR PAYMENT OF UNAUTHORIZED AFTER-THE-FACT TRANSACTIONS

If you initiated a transaction that created an After-the-Fact supplier invoice, it must be processed via a Settlement & Release Form.

UNAUTHORIZED PURCHASES

An unauthorized purchase is a purchase made outside of the authorized procurement processes. Examples of unauthorized purchases include but are not limited to:

- Employee purchases supplies for the office, writing a personal check for the purchase;
- Employee calls a supplier and places an order for supplies without prior issuance of a purchase order or use of a Purchasing Card;
- Employee purchases a new computer for the office using a personal credit card;
- Employee signs a supplier contract for services or supplies.

In all four cases above, the employee made a purchase (committed funds) on behalf of the Office of the Chancellor without securing the appropriate approvals **first** and use of an Office of the Chancellor authorized purchasing method. The purchased items may be appropriate for business use; however, approvals for all purchases must be secured **before** the purchase is authorized through issuance of a purchase order, contract or use of a Purchasing Card. Factors to consider with unauthorized purchases include the costs of processing invoices and checks, personnel time, and any travel involved to make such a purchase. Many times, these costs offset the perceived savings in the purchase price. Following the Office of the Chancellor authorized buying methods ensures that all approvals are properly documented and also ensures that the Office of the Chancellor receives the best price.

HOW TO AVOID UNAUTHORIZED PURCHASES?

The appropriate utilization of Office of the Chancellor authorized buying methods should be used to satisfy all purchase requirements. If there is a unique requirement that may require special handling, contact the Procurement Department for advice or assistance.

This information is found on PASSHE's website at:

<http://www.passhe.edu/executive/finance/Procurement/Pages/Guidelines.aspx>

STIPULATION OF SETTLEMENT AND RELEASE OF CLAIMS

FOR AND IN CONSIDERATION OF the payment of the sum of _____ to _____ (herein after "_____"). _____ hereby releases and discharges, and by these presents does for itself, its successor, executors, administrators and assigns, release, acquit and forever discharge the State System of Higher Education (hereinafter "the State System") of and from any and all past, present and future actions, causes of action, claims, demands, costs and expenses, compensation, third party actions, attorneys' fees suits in law or equity, in relating to the obligations of the State System to _____ relating to _____.

Upon receipt by the State System of this Stipulation and Settlement and Release of Claims, signed by an authorized representative of _____ and upon approval by Chief Legal Counsel and the Office of Attorney General, the State System shall pay to _____ the sum of \$_____.

State System of Higher Education:

Vendor:

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Title: _____
Federal I.D. # _____
Date: _____

Approved as to Form and Legality:

Chief Legal Counsel
State System of Higher Education

Deputy Attorney General
Office of Attorney General

Date: _____

Date: _____