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**Action/Information Item*****Fiscal Policy and Long-Range Planning Committee*****Consideration of EDFUND Draft Policies in Response to the Bureau of State Audits (BSA) Report:**

- EDFUND Employee-Wide Events Spending Policy [Topic 13 – Spending Practices]
  - EDFUND Travel Policy [Topic 14 – Travel Policy]
  - EDFUND Procurement/Contracts Policy and EDFUND Signature Authorizations Policy [Topic 15 – Contracting Policies]
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In accordance with the processes established by the Commission in response to the April 2006 Bureau of State Audits (BSA) report, EDFUND has revised its policies pertaining to its spending practices, travel and contracting, and they are being brought to the Commission, through the Fiscal Policy & Long-Range Planning Committee, for review. The draft policies were presented to the EDFUND Finance & Budget Committee on August 3, 2006, but due to time constraints, there was no discussion. At that time, David Reid, Vice President and General Counsel of EDFUND Legal Services, requested edits from the Finance & Budget Committee and staff prior to submission to the EDFUND Board at its August 18, 2006 meeting.

Topic 13 – Spending Practices - BSA recommended that the Commission closely monitor EDFUND expenses paid out of the Operating Fund for conferences, workshops, all-staff events, travel, and the like. BSA also recommended to discontinue using the Operating Fund to pay for expenses related to non-employees attending company functions. EDFUND drafted a new policy to address this issue. The draft EDFUND Employee-Wide Events Spending Policy is enclosed under Tab 3.a.

Topic 14 – Travel Policy - BSA recommended that the Commission amend its operating agreement to require EDFUND to establish a travel policy that is consistent with the State's policy. EDFUND has revised its current travel policy to coincide with State policy with some exceptions. The draft EDFUND Travel Policy is enclosed under Tab 3.b.

Topic 15 – Contracting Policies - BSA recommended that the Commission ensure EDFUND follows through on its efforts to revise its policies and amend the Operating Agreement to require purchase of goods and services incurred by EDFUND to be reimbursed pursuant to procurement and contracting policies approved by the Executive Director. The draft EDFUND Procurement/Contracts Policy and Signature Authorizations Policy are enclosed under Tabs 3.c and 3.d, respectively.

Staff will provide an oral update of the discussion and any actions taken by the EDFUND Board at its August 18, 2006 meeting.

**Recommended Action:** No recommended action at this time.

**Responsible Staff:** Janet McDuffie  
Chief, Management Services and  
Acting Chief, Federal Policy & Programs

David Reid  
Vice President & General Counsel  
EDFUND Legal Services



## POLICY MEMO

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SUBJECT:

**Employee-Wide Events Spending Policy**

NUMBER:

**027**

EFFECTIVE DATE:

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APPROVED BY PRESIDENT

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**Employee-Wide Events Spending Policy.** Effective October 1, 2006, EDFUND shall prohibit the use of corporate funds for employee-wide events, except as approved by the Board of Directors. Executive management may request that the Board of Directors allocate in the budget a limited amount of funds in each fiscal year to be used towards employee-wide events that are determined to benefit EDFUND and its employees in the fulfillment of EDFUND's mission.

The Employee-Wide Events Spending Policy is designed to encourage prudent spending practices by executive management for employee-wide events and to justify those costs to the Board of Directors.

It shall be the policy of EDFUND to prohibit the use of corporate funds to subsidize the costs of guests to employee-wide events.



## POLICY MEMO

SUBJECT:

**Travel Policy**

NUMBER:

**026**

EFFECTIVE DATE:

APPROVED BY PRESIDENT

**Scope.** EDFUND's Travel Policy shall apply to at-will employees and certain non-employees (e.g. Board Members, contractors, etc) who incur travel expenses paid by EDFUND. Civil Service employees assigned to EDFUND shall follow State travel policies for their bargaining group.

**Travel Policy.** Effective October 1, 2006, EDFUND shall adopt by reference the short-term travel policy (see attached) of the State of California, with stated exceptions. EDFUND was created as an auxiliary nonprofit public benefit corporation of the California Student Aid Commission, a California state agency, because it was determined that a state agency, with all the limitations associated therewith, could not effectively compete in the highly competitive, dynamic, and changing industry that is associated with the Federal Family Education Loan (FFEL) Program.

Consequently, EDFUND's travel policy shall reflect a balancing of the following: (1) EDFUND's status as an auxiliary nonprofit public benefit corporation of a California state agency and (2) EDFUND's need to remain competitive with similar corporations within the industry.

**Exceptions.** The following exceptions shall apply:

1. **Meal & Incidental Expense (M&IE) Rate.** EDFUND shall follow the per diem rates as published by the United States Internal Revenue Service for meal and incidental expenses. This reflects the cost differential for different cities throughout the nation. EDFUND, as a national guaranty agency with student loan guarantee volume in all 50 states and many of the US territories, requires a number of employees to travel for marketing, support, and industry events outside the State of California.
2. **Vehicle Mileage.** EDFUND shall follow the published United States Internal Revenue Service's allowable rate for personal vehicle mileage. This reflects an annual adjustment based upon costs associated with operating a vehicle. EDFUND, as a national guaranty agency with student loan guarantee volume in all 50 states and many of the US territories, has a large number of employees traveling in other states in order to serve the needs of our customers; thereby necessitating a national approach to mileage reimbursement.

3. Tolls & Parking. EDFUND shall permit employees to file for reimbursements of up to \$10 per day for tolls and/or parking without receipt. EDFUND's direct face-to-face support to colleges comes from a number of divisions. For example, a number of colleges charge visitors for parking on campus through the use of parking meters and automated parking lots, where receipts are unavailable. Similarly, a number of states use toll booths to a greater degree than the State of California and in some instances such plazas do not have attendants.
4. California State Rate. In situations where California hotels do not accept the EDFUND identification card as a valid state identification card, employees shall document such event and request that the additional amount above the state rate be reimbursed. Such requests for additional reimbursement above the state rate may be denied by their manager.
5. Exceptional Circumstances. The Chief Financial Officer of EDFUND or his or her designee is authorized to permit reimbursements for documented exceptional circumstances that fall outside of EDFUND's travel policy. EDFUND, as a national guaranty agency with student loan guarantee volume in all 50 states and many of the US territories, has to be prepared for unforeseen expenses within its operations outside of corporate headquarters in order to remain competitive within the industry.

**Responsibility of Traveler.** Employees shall discuss their travel plans with their managers prior to committing the company to any financial obligation. For those employees whose job it is to travel frequently, it is expected that their manager who has budgetary responsibility will communicate their expectations in regards to travel authorization processes.

EDFUND expects its travelers to spend funds prudently and take advantage of savings opportunities. Business travel expenses will be paid by EDFUND if they are appropriately documented, properly authorized and in compliance with this policy. Travelers must submit expense reports with all required documentation to be reimbursed for travel expenses.

**Responsibility of Authorized Signer.** Authorized signers have primary responsibility for ensuring compliance with EDFUND's travel policy. The authorized signer must verify that expenses and expense reports meet the following criteria:

1. The travel expense was incurred while conducting company business
2. The information contained on the expense report and in all supporting documentation is accurate and in accordance with company policies, including the travel policy
3. All travel expenses are adequately documented and explained, if required, on the expense report, and
4. The expenditure is charged to the proper account(s), cost center(s) and project(s).

## Short-Term Travel Reimbursement for All Exempt, Excluded and Represented Employees

**Effective Dates**

Always verify reimbursement information and effective dates by checking the appropriate [Memorandum of Understanding](#) and/or the DPA Travel Rules.

**Accountable Plan**

The State of California reimburses actual business travel expenses in accordance with the provisions of the current bargaining unit agreements, DPA rules for reimbursement, and IRS requirements for an "Accountable Plan." An Accountable Plan means reimbursement is limited to *actual* expenses up to certain limits; all travel expenses require receipts and/or other verification of the expense.

**Method of Travel**

Each State agency is responsible for determining the necessity for and method of travel. Once it is determined that travel is necessary, reimbursement is governed by the terms of the current Memorandum of Understanding and/or the applicable Government Code sections and DPA Rules.

Reimbursement for transportation expenses will be based on the method of transportation that is in the best interest of the State, considering both direct expense and the employee's time. If an employee chooses and is authorized to use a method of transportation that is (1) not the least costly, (2) not the typical method of getting from one location to the other, or (3) not "in the best interest of the State," a cost comparison will be prepared and the employee shall be reimbursed only the amount that would have been reimbursed had the employee traveled using the least costly method.

**Meals and Incidentals (In-State/Out-of-State Travel)**

The following reimbursement rates are maximums, not allowances. Employees may claim only their *actual* expense and must have receipts substantiating the amount claimed.

For each full 24-hour period of travel, employee may claim the following:

Breakfast	Actual expense up to \$6
Lunch	Actual expense up to \$10
Dinner	Actual expense up to \$18
Incidentals	Actual expense up to \$6

**Trips of 24 Hours or More**

For travel lasting 24 hours or more, employees may claim meals (as noted above), based on the following timeframes:

First day of travel	
Trip begins at or before 6 am	Breakfast may be claimed

Trip begins at or before 11 am	Lunch may be claimed
Trip begins at or before 5 pm	Dinner may be claimed
<b>Continuing after 24 hours</b>	
Trip ends at or after 8 am	Breakfast may be claimed
Trip ends at or after 2 pm	Lunch may be claimed
Trip ends at or after 7 pm	Dinner may be claimed

**Trips of Less than 24 Hours**

For travel lasting less than 24 hours, employees may claim breakfast and/or dinner (as noted above), based on the following timeframes:

<b>Fractional day of travel</b>	
Trip begins at or before 6 am and ends at or after 9 am	Breakfast may be claimed
Trip begins at or before 4 pm and ends at or after 7 pm	Dinner may be claimed
<i>Employees may <b>not</b> claim lunch or incidentals on one-day trips. When trips are less than 24 hours and there's no overnight stay, meals claimed are taxable.</i>	

Employees may **not** claim meals provided by the State, meals included in hotel expenses or conference fees, meals included in transportation costs such as airline tickets, or meals that are otherwise provided. Snacks and continental breakfasts such as rolls, juice, and coffee are not considered to be meals.

No meal expense may be claimed or reimbursed more than once in any given 24-hour period.

**Lodging Reimbursement**

**Short-Term Travel**

Employees who incur overnight lodging expenses at a **commercial lodging establishment** catering to short-term travelers, such as a hotel, motel, bed and breakfast, public campground, etc. **must provide a receipt** to claim reimbursement. No reimbursement will be paid without a receipt. The rate of reimbursement is as follows:

All California counties not listed below	Actual expense up to \$84 per night, plus tax
Los Angeles and San Diego counties	Actual expense up to \$110 per night, plus tax
Alameda, San Francisco, Santa Clara, and San Mateo Counties	Actual expense up to \$140 per night, plus tax

**State-Sponsored Conference, etc.**

Employees attending a State-sponsored conference will be reimbursed for **receipted** lodging up to \$110 per night, plus tax, when the lodging is contracted by the State sponsor for the event, and the Appointing Authority has granted prior approval for attendance and lodging at the contracted rate and establishment.

**Non-State-Sponsored Conference, etc.**

Employees attending a non-State-sponsored conference will be reimbursed for **receipted** lodging when the lodging is contracted by the sponsor for the event, and the Appointing Authority has granted prior approval for attendance and lodging at the contracted rate and establishment.

**Out-of-State Travel (to any of the 49 other states)**

Any limitations on lodging are placed by the appointing authority when approving travel. Lodging and meals may otherwise be claimed as follows (applies to all State employees):

With a lodging receipt	Actual cost of lodging; actual meals and incidentals, based on appropriate timeframes
Without a lodging receipt	No lodging reimbursement; actual meals and incidentals, based on appropriate timeframes

**Out-of-Country Travel**

Lodging	Actual expense, supported by receipt
Meals and Incidentals	Actual expense <b>up to</b> U.S. State Department Foreign Per Diem Rates (meal/incidental rates, column B) in effect at the time of travel for the specific foreign location, in accordance with breakdown in Appendix B, Federal Travel Regulation Chapter 301

**Personal Vehicle Mileage Reimbursement**

*The following rates apply only to approved personal vehicle mileage for State business travel incurred on or after the effective dates of the memorandum of understanding and/or the DPA Travel Rules. Claims submitted after the effective date for mileage incurred prior to the effective date will be reimbursed at the rate previously in effect for the employee.*

Employees must have advance approval to drive a personal vehicle on State business. Mileage reimbursement rates are as follows:

Vehicle type	Mileage reimbursement rate
Personal vehicle	34 cents per mile
Specialized vehicle w/ certification	Up to 37 cents per mile*
Private aircraft	50 cents per mile**
Bicycle	4 cents per mile**

\* A "specialized vehicle" is a vehicle that has been specially equipped for a disabled employee and is the only vehicle the employee is physically able to drive. Amount in excess of the base rate of 34 cents per mile is subject to withholding.  
\*\* all taxable

An employee may claim mileage to/from a common carrier, as long as no parking expense is incurred at the terminal. Reimbursement is calculated using the appropriate rate above, multiplied by twice the distance to the terminal. If withholding applies to the employee's mileage reimbursement above, it will apply to this reimbursement.

Mileage covers gasoline, the cost of maintenance (oil, lube, routine maintenance), insurance (liability, damage, comprehensive and collision coverage), licensing and registration, depreciation, and all other costs associated with operation of the vehicle.

### **Contractors**

Contractors with questions regarding travel reimbursements must contact the agency with which they contract.

### **Transportation Contracts**

The Department of General Services, Office of Fleet Administration, has responsibility for State vehicles and State garages and negotiates and administers contracts for State employee rates for airlines and rental vehicles. [Click here](#) to go to the DGS Web site for information on State garage locations and services; [click here](#) for rental car information.

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**POLICY MEMO**

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SUBJECT:  
Procurement/Contracts

NUMBER:

018

EFFECTIVE DATE:

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APPROVED BY

PRESIDENT

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**GENERAL GUIDELINES**

All expenditures will be in accordance with applicable federal and state law and/or regulations for the FFEL program. EDFUND avoids purchasing from vendors for whom there may be a conflict of interest as stated in California Education Code §69525 (c, d, and e), all other conflicts will be noted on the Contract Requisition form in accordance with Policy 02.

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Procurement activities not within the scope of this policy include personnel recruitment, relocation, travel, training, and business expense reimbursements. These are covered by Policies 008, 020, 026, 036 and 040, respectively.

Failure to comply with this policy may result in voiding the contract and/or disciplinary actions for the involved employee, up to and including termination.

**Responsibility of Requestors**

EDFUND expects its employees to spend funds prudently in support of authorized Company business. Requestors should complete the documentation required by this policy and obtain the required approvals before committing EDFUND to any financial obligation.

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**Responsibility of Approvers**

Approvers have primary responsibility for ensuring compliance with corporate policy and for ensuring the purchase is coded to the most appropriate expense account. Managers, Directors, and AVP's who do not have cost center budgetary responsibilities are not authorized approvers.

**Definition of Terms**

For purposes of this policy, the following terms are defined as set forth:

- Purchase Order: A numbered, traceable document generated by the Business Operations Department that allows or creates a financial obligation for EDFUND evidencing the existence of all other documents required to support a procurement. Contains standard terms and conditions for managing transaction risk with vendors.
- Contract: A legally binding agreement between EDFUND and an outside party to acquire or provide goods, and/or services, which contains customized terms and conditions for managing transaction risk with vendors.

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- Goods: All items *not* constituting personal services, agency/representation, or employment services. However, short-term rental of training, ~~exhibit or advertising~~ space, agreements establishing business address/operation locations, and training courses are considered goods.
- Request for Proposal (RFP): Document sent by EDFUND to potential vendors soliciting proposals for specific services and/or goods. The vendor submits a proposal describing how it will provide the required services. All RFP's must be reviewed by the Legal Department prior to issuance.
- Bid: A potential vendor's cost reply to a solicitation for goods or services.
- Competitive Bidding: A process used to obtain a minimum of three bids or price quotes for a project or service. Goods or services are not obtained solely on "low bid". Price is only one factor in deciding with whom to contract. Other value-added criteria in contract/purchase order decisions include quality, service, experience, timeliness, reputation, etc.
- Informal Bid: Solicitations requesting vendor proposals either verbally or by telephone. Quotes must be recorded on the Contractor/Vendor Bid Form (Attachment 1) that evidences the person contacted, time, date, location, quantity, quality and price discussed.
- Sole Source: A procurement or contract for goods and/or services where only one vendor is given the opportunity to bid for the specified goods and/or services because of existing business requirements or limited sources.
- Single Source: A procurement or contract for goods and/or services where only a single business enterprise is able to provide the specified goods and/or services.

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**PROCUREMENT REQUIREMENTS**

Goods and/or services may be procured by one of the following methods:

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- **Competitive Bid** – The Contract Requisition form or the Purchase Requisition form must be accompanied by a justification memorandum or bid process and cost analysis approved by the requesting department's AVP or above. The bid process and a cost analysis should, at a minimum, include a summary of all bids obtained (who, what and when) an explanation why the particular vendor was selected, and a summary of the benefits expected to be received. To complete an informal bid process, a completed Contractor/Vendor Bid Form must be completed and submitted with the Contract Requisition and a bid and cost analysis.
- **Sole and Single Source Procurement** – A sole source or single source justification memorandum approved by the requesting department's divisional VP, must support all single source or sole source purchases. At a minimum, the justification memo should include an explanation why the contract could not be competitively bid (why is the acquisition restricted to this good/services/supplier); should document the actions taken to obtain a more competitive bid (what market research was conducted to substantiate no competition); price is fair and reasonable (and how it was determined that price was fair and reasonable); and described any cost savings realized by acquiring the goods' services from this vendor. Requests to amend single or sole source contracts should also include this information in a justification memo. If the single source or sole source purchase price exceeds \$50,000, the

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President must approve the requisition. For contracts exceeding \$100,000 the EDFUND Board of Directors requires prior approval. Copies of the Board Approval must accompany the Contract Requisition.

- **Urgency Provision for Sole Source Contracts Over \$100,000** – The EDFUND Board of Directors approved an urgency provision at the November 10, 2000 meeting for situations requiring rapid approval of sole source contracts over \$100,000 between Board meetings. The provision allows for a consultative process between EDFUND's President, the Board's Chair, CSAC's Executive Director and the Commission's Chair to obtain contract approval.

In determining which procurement process should be used it is EDFUND's preference that all procurements over \$10,000 require at least three (3) bids, unless it is confirmed, and documented that three viable vendors declined to bid or are not available and/or there is only one vendor that can provide the goods/services. After evaluating bids for a given purchase, a justification memorandum or bid/cost analysis must be approved by the requesting department's AVP or above. The bid/cost analysis should, at a minimum, include a summary of all bids obtained, an explanation why the particular vendor was selected, and a summary of the benefits expected to be received including quantifications where relevant (e.g. cost savings expected).

**APPROVAL LEVEL**

Only employees with budgetary responsibility or those to whom the President has given in writing specific and documented permission are authorized to exercise signature authority as listed below. In accordance with Policy 021, the President of EDFUND authorizes the following levels of EDFUND management to sign requisitions and approve invoices for their own budgetary units:

<u>Purchase order up to \$2,500</u>	<u>Approved by Manager or above</u>
<u>Purchase requisition from \$2,501 to \$5,000</u>	<u>Approved by Director or above</u>
<u>Purchase requisition from \$5,001 to \$10,000</u>	<u>Approved by AVP or above</u>
<u>Purchase requisition from \$10,001 to \$50,000</u>	<u>Approved by VP or above</u>
<u>Purchase requisition from \$50,001 to \$100,000</u>	<u>Approved by CFO or President</u>
<u>Purchase requisition above \$100,000</u>	<u>Competitive bid purchase above \$100,000 approved by President. All Sole Source must be approved by Board of Directors.</u>

All contracts are to be signed by President or CFO.

Purchase amounts and/or requirements are not permitted to be "split" in order to circumvent authorization limits or any other requirements of this policy.

All contracts and purchase orders must require invoices to be delivered to the Accounts Payable Unit in Financial Operations. Purchase orders and invoices are subject to the same signature authority as listed above.

**PURCHASE REQUISITION FOR GOODS**

A Purchase Requisition Form (B105) is used to initiate a purchase order for the acquisition of: (a) goods valued over \$2,500, (b) all goods carried on the corporate inventory with an individual identity number, including those for which a contract exists, Purchase Requisitions are forwarded to Procurement in Business Operations prior to any expense or liability being

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Purchases from \$2,501 to \$5,000 . . . Approved by Director or above¶

Purchase from \$5,001 to \$10,000 . . . Approved by AVP or above¶

Purchases from \$10,001 to \$50,000 . . . Approved by VP or above¶

Purchases from \$50,001 to \$100,000 . . . Approved by CFO or President¶

Purchases above \$100,000 . . . Approved by President (and, if sole source, ¶ the Board of Directors)

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A Purchase Requisition must include the following:

- Cost benefit analysis and justification memorandum for purchases projected at more than \$2,500. The cost benefit analysis and justification memo should, at a minimum, include a summary of all bids obtained, an explanation why the particular vendor was selected, and a summary of the benefits expected to be received.
- Description, quantity, and other specifications of items ordered or statement/scope of work.
- Required delivery schedule.
- Statement of nature and purpose of the procurement.
- Special quality requirements and inspection methods, if necessary.
- Brand name or equivalent functional specifications.
- Chosen vendor, if any.
- Expense code, cost center code and project code, if applicable.
- Contractor/Vendor Bid Form or Sole Source Justification

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Final vendor selection is confirmed by Procurement utilizing documents provided with the requisition.

**SPECIFIC PURCHASES**

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Additional coordination between Procurement and external units is required for the following items:

- Computer Equipment, Software, and Technology Purchases  
Procurement of technology-related items must first be evaluated by Technology Solutions and Services (TSS) to ensure fitness for purpose, availability of existing equipment, and compatibility with systems. TSS will engage in discussions with potential vendors about specifications or bids and subsequently recommend a vendor or alternatives to the requested purchase. All technology procurements will be processed through TSS to the point of contract development or purchase order execution.
- Printing Orders  
Procurement of printed materials to be distributed to any customers of EdFUND is to be coordinated through Public Affairs, regardless of cost. Customers of EdFUND include employees, Board members, Commission employees and members, borrowers and potential borrowers, lenders and schools.
- Office Supplies  
Business Operations currently maintains a contract with a single online vendor for the purchase of office supplies. An exception may be granted for a regional office.
- Standard Office Equipment/Furniture  
Business Operations maintains a contract with vendors for the purchase of standard equipment. A requisition should be completed for certain equipment items (calculators, bookcases, etc.) and these requests must meet all other standard procurement processes.
- Goods over \$10,000.  
All requisitions for goods over \$10,000 must be reviewed and risk assessed by the Legal

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Department prior to the issuance of a Purchase Order. The Legal Department will determine whether a formal contract is required.

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▪ Emergency Purchases

In certain situations when goods or services are needed to conduct business and time does not permit the appropriate requisition approvals, Business Services may generate a purchase order without written authorization from the required division head if; (a) the amount of the purchase is under \$10,000 and/or (b) the requisition is approved by the Chief Financial Officer (CFO) or his/her designee. Emergency is defined as an unexpected occurrence that poses immediate threat or impairment of life, health and/or business services of EdFUND.

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▪ Purchasing Credit Cards

For limited business purposes (including regional office internal needs), employees authorized by their VP may be issued a purchasing credit card. This credit card is used only for small dollar amount purchases such as office supplies and other goods and may not be used for travel related expenses. Further guidance for approved uses of the purchasing credit card may be found in Policy 025. These purchases must be supported by an appropriately approved purchase requisition (see Approval Levels above).

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The Procurement Office in Business Services will maintain a log of purchase orders placed prior to the required divisional approval and obtains written approval from the acquiring division head within five business days of the unapproved order. To minimize the number of emergency purchase orders requiring CFO approval, all employees should project needs and allow time for acquisition of needed approvals.

**CONTRACTS FOR SERVICES**

A Contract Requisition form (Attachment 2) is used to initiate the purchase of (a) one-time repairs or single service or maintenance calls over \$2,500 and (b) all other services over \$2,500. Recurring monthly activity with a vendor must be evaluated on an annual basis when determining if the \$2,500 threshold will be met.

All contracts will be designed to meet the business needs of the organization, as well as to be legally enforceable. NOTE: Purchase of technology services must first be evaluated by TSS to ensure compatibility with systems, specifications and preferred vendor(s). TSS will issue a recommendation memorandum to support the requisition. TSS will complete the requisition process for technology procurements. Contract Requisitions should include a Statement of Work to be performed by the vendor.

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**TO INITIATE A CONTRACT:**

▪ Complete the Contract Requisition form. The Manager, Director, AVP and/or VP approve the requisition and are responsible for ensuring the requisite funds are in the respective budget. Unless already appointed, the requestor designates a contract manager to review and approve the contractor's work, invoices, and act as liaison.

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▪ Deliver the Contract Requisition and the supporting documentation to Business Services. Business Services assigns a Purchase Order number and forwards the request to the Contract Administrator in the Legal Department.

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**ALL EDFUND CONTRACTS:**

- ~~should be limited to a maximum term of five years including any amendments.~~
- should include a 30-day termination clause allowing EDFUND to terminate a contract within 30 days for any reason
- must include a 30-day termination clause allowing the Secretary of the U.S. Department of Education to terminate EDFUND contracts if the Secretary determines that the contract is inappropriate or otherwise inconsistent with the terms and purposes of Section 422 of the Higher Education Act [Section 682.418 (a) (2)]
- have a designated Contract Manager whose duties include:

Every contract has a designated Contract Manager whose duties include:

- Act as liaison to Contractor and monitor the performance of the work
- Ensure that deliverables are met
- Authorize payment and monitor availability of funds
- Notify the Legal Department immediately if the performance of the contractor is unsatisfactory
- Notify Business Operations if there will be an unusual shipment or delivery
- Fill out Contractor Evaluation Form (Attachment 3) upon completion of the contract

The Contract Administrator develops the contract, obtains the signatures of EDFUND's president and the contractor on two original contracts and distributes the completed contract to the following:

- Legal Department file (first original)
- Vendor (second original)
- Contract Manager (copy)
- Business Operations (copy)
- California Student Aid Commission (copy)

Upon receipt of the copy of the executed contract, Business Services finalizes the respective Purchase Order.

**Contract Amendment**

A contract can be amended to add time, money, and/or alter the scope of work. To amend a contract, fill out the amendment section of the Contract Requisition form with the **required supporting documents as if the amendment constituted a new contract** and submit to Business Services. For any amendments requesting additional money, the appropriate level of management must authorize the total sum of money for the entire contract including the amendment.

Contracts should not be amended for the purpose of circumventing the competitive bid process or the level of approval requirements. If the scope of work will change in a substantial manner,

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¶  
 <#>Complete the Contract Requisition form. The Manager, Director, AVP and/or VP approve the requisition and are responsible for ensuring the requisite funds are in the respective budget. Unless already appointed, the requestor designates a contract manager to review and approve the contractor's work, invoices, and act as liaison.¶

¶  
 <#>Deliver the Contract Requisition and the supporting documentation to Business Services. Business Services assigns a Purchase Order number and forwards the request to the Contract Administrator in the Legal Department.¶

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a new contract should be utilized.

**Expiring Contract and Evaluations**

The Contract Administrator will send a reminder to the Contract Manager 60 days before the contract expires.

**Deleted:** An Evaluation form is also sent for feedback on the vendor's performance.¶

Questions regarding procurement should be directed to Business Services and contract questions directed to the Legal Department.

**Deleted:** Failure to comply with this policy may result in voiding the contract, refusal to pay for the goods or services, and/or disciplinary actions for the involved employee, up to and including termination.¶

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# POLICY MEMO

SUBJECT:  
**Signature Authorizations**

NUMBER:  
**021**  
EFFECTIVE DATE:  
**August 18, 2006**  
APPROVED BY PRESIDENT

Deleted: April 19, 2004

The President of EDFUND has received authority from the Board of Directors to approve all documents for EDFUND. The President's authority may be delegated by the President to designated EDFUND employees. Written delegation shall be authorized and signed by the President on a Signature Authorization Form (Attachment 1).

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Additionally, pursuant to authority granted by the Board of Directors or an approved EDFUND policy signed by the President, specific EDFUND job titles or position levels are provided signature authority for specific transactions. EDFUND employees holding such job titles or position levels may delegate their authority to an EDFUND employee within their division. Such delegation shall be authorized and signed by the transferor on a Signature Authorization Form (Attachment 1).

Signature authority delegation shall be limited to situations where the normal daily operations of EDFUND could be compromised when the authorized employee is out of the office on business, vacation, holiday, or for illness. Signature authority shall not be passed or reassigned by the transferee. The delegated authority shall be carried out under the following roles and responsibilities:

(1) Authorization Transferor:

- Provide instruction to the transferee regarding delegated authority.
- Maintain appropriate documentation regarding the delegated authority.
- Provide the Legal Department copies of the authorizations.

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(2) Authorization Transferee:

- Confirm the delegated authority and the appropriateness of the request.
- Communicate with the transferor any changes made in the process that affects the appropriateness and/or effectiveness of the delegated authority.
- Provide the transferor with copies of all signed documents that took place pursuant to such authorization during the transferor's absence.

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Deleted: The authorized staff whom the President designates may choose to authorize additional staff to approve specific documents. Written delegations is authorized (Attachment 1) and signed by an officer to designated staff person(s). The Executive Office maintains documentation for these delegations.

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Signature authorization for purchasing and invoice payments shall be documented each fiscal year through completion of the Purchasing and Invoice Payment Signature Authorization Form (Attachment 2) to be maintained by Accounts Payable.

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All delegations automatically expire if either party leaves the designated chain of command.

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**PURCHASING & INVOICE PAYMENT  
SIGNATURE AUTHORIZATION FORM**

UNIT CODE:

FY:

UNIT NAME:

*PLEASE PRINT THE NAME AND TITLE OF INDIVIDUALS AUTHORIZED TO APPROVE ACTIVITY CODED TO THIS UNIT WITH BUDGETARY RESPONSIBILITY. PLEASE RETURN THIS FORM TO ACCOUNTS PAYABLE.*

**VP**

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<b>Name</b>	<b>Title</b>	<b>Signature</b>
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**AVP**

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<b>Name</b>	<b>Title</b>	<b>Signature</b>
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**Director**

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<b>Name</b>	<b>Title</b>	<b>Signature</b>
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**Manager**

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<b>Name</b>	<b>Title</b>	<b>Signature</b>
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<b>Name</b>	<b>Title</b>	<b>Signature</b>
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