



University Policies and Procedures

08-03.03 – RESTRICTED AND/OR PROHIBITED PURCHASES POLICY

Purpose

Towson University has established these policies and procedures pursuant to the State of Maryland General Accounting Division's Accounting Procedures Manual, the State of Maryland Corporate Purchasing Card Policy and Procedure Manual, see http://compnet.comp.state.md.us/General_Accounting_Division/Static_Files/cpc.pdf. Allowable expenditures apply to all purchases regardless of the source of funds (e.g., state support, self support, grant.). By adhering to this policy, cardholders will avoid being required to return merchandise to the vendor or being required to personally reimburse the University.

Prohibited Purchases Policy

- I. The following restrictions apply to all purchases regardless of method of payment (Visa Procurement Card or traditional invoice billing process). They do not apply to non-budgeted agency funds, i.e., Student Government Administration (SGA), *Towerlight*.
 - A. Purchases that benefit an employee individually rather than further the official functions of the State or Agency.
http://compnet.comp.state.md.us/General_Accounting_Division/Static_Files/cpc.pdf (State Policy Manual, Section 24, #28).
 1. Defined in the State Comptroller's Accounting Procedures Manual 3.1.10 and Towson University Policy as 'Types of Unacceptable Purchases' including:
 - a. Appliances (refrigerators, microwaves) for individual employee offices.
 - b. Clothing expenditures for employee use such as tuxedo rental, shirts, and jackets. Allowable exceptions would be uniforms worn daily by university staff or other shirts or apparel worn by university staff for identification at university events or activities.
 - c. Flowers for employee illness, retirements, funerals, etc. Allowable for a business or promotional expense for university-wide or public relations events.

- d. Office decorations including plants, pictures, rugs and other decorations for use in private offices. Allowable exceptions would be for common areas such as lobbies or public reception areas.
- e. Social function expenses incurred for food and/or decorations for employee office parties and/or contests. This restriction does not include events held to promote Towson University.
- f. Gifts, items of sentiment, or personalized/monogrammed items, except those that are used for the purpose of promoting the University.
- g. Prizes, incentive awards, or appreciation gifts for faculty, staff, and student employees. This includes clothing, movie tickets, gift certificates, book vouchers, etc.
- h. Tickets for faculty, staff, or student employees (or their respective family members') use for University events and/or outside events held on campus, except as follows.

Tickets to such events may be purchased for faculty or staff if, as determined by the Senior Vice President and Chief Fiscal Officer (or, if the ticket is for the use of the Senior Vice President and Chief Fiscal Officer, as determined by the President):

- (i) there is a reasonable expectation that the faculty or staff for whom tickets are purchased will conduct University business (including marketing and/or advancement) at the event;
 - (ii) any persons for whom the tickets are purchased are authorized to conduct such business, and their conduct of such business raises no issues under State ethics law;
 - (iii) there is some relationship between the event and the business to be conducted, or the event presents a particularly favorable forum for conducting such business;
 - (iv) the purchase has been approved by the appropriate department head; and
 - (v) the department purchasing the tickets has funds available for such purchases.
- i. Bottled Water for employees unless Environmental Health and Safety certifies that water meeting drinking standards is not otherwise available.
 - j. Fines, fees, and penalties for parking or other driving violations of employees; this also prohibits departments from paying for

Towson University parking permit fees for faculty, staff, student, or temporary employees.

- B. Sales and Use Tax - The State of Maryland is exempt from sales tax collected by merchants on items purchased in state. Use Tax refers to tax on items purchased from sources in other states that may also honor the exempt status.
http://compnet.comp.state.md.us/General_Accounting_Division/Static_Files/cpc.pdf (State Policy Manual, Section 24, #31)
 - C. Alcohol - Defined as Drinking Places MCC #5813 and Package Goods Stores MCC #5921.
http://compnet.comp.state.md.us/General_Accounting_Division/Static_Files/cpc.pdf (State Policy Manual, Section 9.03.d)
 - D. Furniture - Pursuant to Title 14 Preferences and Section 14-103 (Priority of Preferences) State Finance & Procurement Article, Annotated Code of Maryland, certain supplies and services (in particular furniture) must be purchased from State Use Industries, (SUI) unless SUI provides a waiver for the respective purchase.
 - E. Lobbying Costs - Prohibited under Title 15. Public Ethics, Subtitle 7 Lobbying, Annotated Code of Maryland.
 - F. Finance Charges/Late Fees - Prohibited under State Finance & Procurement Article, Section 15-103,104, Annotated Code of Maryland.
- II. The following restrictions apply to all expenditures under the VISA Procurement Card Program. Purchase restrictions may be through State and/or Towson University Policy; or, transactions may be blocked through Merchant Category Codes (MCC) that identifies vendors by type of business and/or goods and services provided.
- A. Contracted Services IRS 1099 Reportable
 - 1. Defined as payments to unincorporated vendors/individuals for services that are IRS Form 1099 reportable.
http://compnet.comp.state.md.us/General_Accounting_Division/Static_Files/cpc.pdf (State Policy Manual, page ii, Limitations and Section 9.04 and Section 10.08.) This would include:
 - a. Payments to Consultants
 - b. Lobbying Costs
 - c. Speaker's fees
 - d. Honorariums, and Stipends
 - 2. Travel Expenses

Defined as employee travel expenses for airlines, trains, or other travel charges.

http://compnet.comp.state.md.us/General_Accounting_Division/Static_Files/cpc.pdf (State Policy Manual, Section 9.02) University policy prohibits vehicle rental, and hotel/motel transactions; however, cardholders may apply for waivers on hotel/motel lodging restrictions under very limited circumstances. The Diners Club Card, available through the Office of Financial Services must be used for travel-related expenses.

3. Cash Advances

Defined in the State Policy Manual, Section 9.05 as strictly prohibited.

http://compnet.comp.state.md.us/General_Accounting_Division/Static_Files/cpc.pdf.

4. Amusement & Entertainment Providers

Defined in the State Policy Manual, Section 9.03.c as a specific restriction applying to MCC #7832 through #7997, #7999 including Motion Picture Theaters, Bowling Alleys, Video Games, Betting, Golf, Recreation Services, etc. Allowable exceptions are those tickets purchased for re-sale to students.

http://compnet.comp.state.md.us/General_Accounting_Division/Static_Files/cpc.pdf.

5. Restaurants & Fast Food

Defined as Eating Places MCC #5812 and #5814 (State Policy Manual, Section 9.03.d). Cardholders should refer to the University Catering Policy for allowable food purchases.

http://compnet.comp.state.md.us/General_Accounting_Division/Static_Files/cpc.pdf

6. Financial Service Providers

Defined in the State Policy Manual, Section 9.03.a as a specific restriction applying to Merchant Category Code (MCC) #6010 through #7033 including Financial Institutions, Securities Brokers, Timeshares, etc.

7. Personal Service Providers

Defined in the State Policy Manual, Section 9.03.b, page 6. MCC #7221 through #7299 including Photographic Services, Beauty/Barber Shops, Shoe Repair Shops, Escort Services, etc.

http://compnet.comp.state.md.us/General_Accounting_Division/Static_Files/cpc.pdf

- III. The following restrictions apply to all expenditures regardless of method of payment (Visa Procurement Card or traditional invoice billing process).
- A. Disposal of Hazardous Materials (TU Hazardous Waste Management Policy & Procedure)
 - B. Radioactive Isotopes (TU Radiation Protection Program)
 - C. Explosives (Purchases are regulated by license/permits from the Federal Alcohol, Tobacco, & Firearms Agency (ATF)).
 - D. Ethyl Alcohol (Purchases regulated by the ATF)

The University reserves the right to collect from the employee the cost of any purchases that do not further the business of the University. The collection may be accomplished through payroll deduction or any other collection process.

http://compnet.comp.state.md.us/General_Accounting_Division/Static_Files/cpc.pdf (State Policy Manual, Section 15.03)

Responsibility: Procurement Department
Authorization:
Date:
Effective Date: 3/15/05