

In 2019, university policies related to university purchases (formerly FIN-PUR-01 through FIN-PUR-35) were updated and consolidated into FIN-PURCH-01 through FIN-PURCH-14. The History section of this policy contains complete information on where the topics covered by each FIN-PUR policy can be found in FIN-PURCH. A few FIN-PUR policies have been rescinded or converted into Standard Operating Procedures, and the History section contains that information as well.

## Prohibited Purchases

### FIN-PURCH-05

#### About This Policy

**Effective Dates:**

03-12-2019

**Last Updated:**

03-12-2019

**Responsible University Administrator:**

Vice President and Chief Financial Officer

**Policy Contact:**

Baris Kiyar

Associate Vice President for Procurement

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#### Scope

This policy applies to all individuals responsible for university purchases, regardless of procurement mechanism.

#### Policy Statement

1. All purchases made using university funding sources must be appropriate under the Accountable Plan and must be appropriate business expenses. See, [FIN-ACC-620](#).
2. Purchases that benefit the employee and not the university are considered personal and shall not be paid for or reimbursed out of university funds. An inappropriate expenditure is one that is “personal” in nature and is not for the purpose of the university including, but not limited to retirement gifts, hand lotion for personal use, etc.

#### Reason For Policy

University funds will not be used to purchase goods or services that are not approved by university policy in order to ensure university resources will be used exclusively for institutional use.

#### Definitions

**Accountable Plan:** A plan for reimbursing employees and non-employees for business expenses. Under this plan, a reimbursement for expenses is not included in the individual’s income. Individuals are required to substantiate expenses and return any excess reimbursement within a reasonable period of time. If any requirements are not met, non-accountable rules apply.

**Business Expense:** An expense incurred in achieving the university's mission or directly related to the conduct of official university business and must be:

- necessary
- appropriate to the activity
- reasonable in amount

- serve a bona fide university purpose

An expense that serves primarily to furnish the individual with a social or personal benefit is not a business expense. Expenses that primarily benefit a student's personal education are considered scholarships or fellowships and are not a business expense. These expenses do not meet the Accountable Plan criteria.

**Personal Use:** Activities that do not further the mission or purpose of the university. An item is considered personal in nature or for personal use when it is purchased for use to benefit a single individual. Example: Purchasing hand sanitizer or Kleenex for use in a highly populated student area would not be considered personal use. However, the purchase of those same items for a private individual office would be considered personal use and prohibited.

## Sanctions

Failure to follow appropriate policies and procedures regarding the use of university funds and resources or in obligating the university to financial or legal transactions could put the university in financial and legal risk. Sanctions for failure to comply could result in disciplinary actions up to and including employee termination. Violation of state statutes could result in civil or criminal penalty and legal action.

## Additional Contacts

Office of Procurement Services		<a href="mailto:purhelp@iu.edu">purhelp@iu.edu</a>
Tally Thrasher, Executive Director of Purchasing	812-855-5646	<a href="mailto:tthrashe@iu.edu">tthrashe@iu.edu</a>
Rob Halter, Executive Director of Purchasing	317-274-7746	<a href="mailto:rhalter@iu.edu">rhalter@iu.edu</a>

## History

In 2019, university policies related to university purchases (formerly FIN-PUR-01 through FIN-PUR-35) were updated and consolidated into FIN-PURCH-01 through FIN-PURCH-14. The university purchasing policies related to conflicts of interest and commitment were updated and consolidated into UA-17.

FIN-PURCH-01 consolidates and updates:

[FIN-PUR-1.0 \(Purchasing Authority\)](#)

[FIN-PUR-1.1 \(Exceptions to Purchasing Authority\)](#)

[FIN-PUR-1.2 \(Delegation of Purchasing Authority\)](#)

[Portions of FIN-PUR-2.0 \(State and Federal Statutes and Regulations\)](#)

[FIN-PUR 4.0 \(Responsibilities in Acquisition Process\)](#)

[FIN-PUR-16.0 \(Transactions Utilizing the Pre-Disbursement Processor\).](#)

FIN-PURCH-02 updates and renumbers [FIN-PUR-20.0 \(University Procurement Contracts\)](#).

FIN-PURCH-03 consolidates and updates:

[FIN-PUR-5.0 \(Competition\)](#)

[FIN-PUR-5.1 \(Development of Vendor List\)](#)

[FIN-PUR-5.2 \(Use of Other Recognized Sources as Basis of Award\)](#)

[FIN-PUR-5.3 \(Negotiation\)](#)

[FIN-PUR-5.4 \(Emergency Situations\)](#)

[FIN-PUR-5.5 \(Purchase Order Award Criteria\)](#)

[FIN-PUR-5.7 \(Documentation\)](#)

[FIN-PUR-12.0 \(Board of Trustee Reporting\)](#)

Portions of [FIN-PUR-18.0 \(Auctions and Reverse Auctions\)](#).

FIN-PURCH-04 updates and renumbers [FIN-PUR-5.6 \(Single-Source Orders\)](#)

FIN-PURCH-05 consolidates and updates:

[FIN-PUR-3.5 \(Purchases for Employees\)](#)

[FIN-PUR-10.0 \(Restricted Purchases\)](#).

FIN-PURCH-06 updates and renumbers [FIN-PUR-7.0 \(Prepayment of Orders\)](#).

FIN-PURCH-07 is a new policy.

FIN-PURCH-08 updates and renumbers [FIN-PUR-9.0 \(Furniture Purchases\)](#)

FIN-PURCH-09 consolidates and updates

[FIN-PUR-3.0 \(Purchasing Ethics\)](#)

[FIN-PUR-3.1 \(NAEP Code of Ethics\)](#).

FIN-PURCH-10 updates and renumbers [FIN-PUR-11 \(Release of Procurement Information\)](#).

FIN-PURCH-11 consolidates and updates:

[FIN-PUR-14.0 \(Disposal and Redistribution of University Property\)](#)

[FIN-PUR-14.1 \(Sale of Computing Equipment\)](#)

Portions of [FIN-PUR-18.0 \(Auctions and Reverse Auctions\)](#).

FIN-PURCH-12 updates and renumbers [FIN-PUR-21.0 \(Non-Solicitation on Campus\)](#)

FIN-PURCH-13 updates [FIN-PUR-13 \(Purchases from Historically Underutilized Suppliers\)](#)

FIN-PURCH-14 consolidates and updates:

[FIN-PUR-10.1 \(Protection of Old Growth Forests\)](#)

[FIN-PUR-19.0 \(Procurement of Appliances and Electronics\)](#).

Specific to purchasing policies, [UA-17 \(Conflicts of Interest and Commitment\)](#) consolidates and updates:

[FIN-PUR-3.0 \(Purchasing Ethics\)](#)

[FIN-PUR-3.3 \(State Conflict of Interest for Procurement Transactions\)](#)

[FIN-PUR-3.4 \(Gifts and Gratuities\)](#)

**The following FIN-PUR policies were rescinded or converted into Standard Operating Procedures as follows:**

[FIN-PUR-6.0 \(Common Construction Wage\)](#) was rescinded.

[FIN-PUR-8.0 \(Endorsement\)](#) was rescinded.

[FIN-PUR-15.0 \(Strategic Alliances\)](#) was converted into a Standard Operating Procedure.

[FIN-PUR-17 \(Procurement for Off-Shore University Activities\)](#) was converted into a Standard Operating Procedure.

## Related Information

[FIN-ACC-50, Hospitality Expenditures](#)

[FIN-ACC-590, Gifts to Employees or Non-Employees](#)

[FIN-ACC-620, Reimbursement under the Accountable Plan](#)