



## Examples of Unauthorized Purchases and Unallowable Costs

A purchase that is contrary to the rules and regulations established by the State Purchasing Division, the Board of Regents, or KSU shall be void and of no effect. Any official of a state entity or institution who willfully purchases or causes to be purchased any materials, supplies, or equipment contrary to the rules and regulations can be held personally liable for the cost thereof. If paid for from state funds, the amount may be recovered in the name of the state ([O.C.G.A. Section 50-5-79](#)).

Prior to purchasing or incurring an expense, the employee must ensure that it is allowed by the University and by their department head/budget owner.

### Examples of Unauthorized Purchases are, but not limited to:

1) It is unlawful for KSU to make purchases for the personal use of its employees (Acts of 1939 40-1936 and HB1113). While it is difficult to specifically define all such goods and services, the following list includes examples of items which have previously been denied (by the State Purchasing Division, other State agencies, and KSU) for purchase using state funds, on the grounds that the apparent end-use is personal in nature:

- Holiday decorations and cards
- Cut flowers / plants
- Coffee makers, water purifiers, refrigerators, microwaves, and other appliances for an **employee's personal** use.
  - Possible exceptions *may* include:
    - Refrigerators, microwaves, and/or commercial coffee makers for central kitchen areas (i.e., common area kitchens – not an employee's office); and
    - Kitchen appliances that are ordinarily considered to be personal in nature when the primary benefit of their use accrues to the agency/institution, notwithstanding a collateral benefit to an individual.
- Personal amusement, social activities, or entertainment (outside of activities directly related to University functions or purposes)
- Alcoholic beverages and/or refreshments
- Non-business related magazine and/or newspaper subscriptions
- Table radios, brief-cases, and similar items
- Watches, groundbreaking shovels, and other items to be granted as a donation or gratuity in favor of a person, corporation, or association for individual ownership
- Membership dues for personal, social, civic, community, warehouse, or travel clubs/organizations for the benefit of individuals (ref: Attorney General Opinion 68-110).
  - Possible exceptions *may* include:
    - Transferable individual memberships
    - Memberships that are required as a condition of employment

- Memberships that are required for accreditation of a department or program
- The membership fee plus a registration fee to an organization's conference is less than the nonmember organization
- The membership results in a discount on beneficial publications (whether it be "printed" or online) that is greater than the cost of the membership

↳ *If one of the above exceptions exist, department head (i.e., budget owner) approval is required. However, if the request falls outside of one of these documented exceptions, Human Resources approval may be required.*

- University parking permits for employees or students
- Traffic citations for either personal or University vehicles
- Dues to a Chamber of Commerce or dues for individuals to be members in organizations not required by the duties of the position
- Clothing, such as tuxedos, used for commencement services or other personal use (this includes caps, gowns, robes, and/or other academic regalia)
- Personal moving expenses
- Retirement gifts or gifts of any nature, gift cards, etc.
- Personal articles that have been lost or stolen
- University-sponsored event expenses incurred which do not clearly support the University mission such as: retirement parties or employee going away parties, including associated retirement gifts or gifts of any nature.

Scenario:

A faculty member purchases a leather briefcase and would like to use University funds to pay for the item. The designer briefcase is made of fine grain leather with brass trim and costs \$1,250.00

Explanation:

The cost is not reasonable, it is not necessary for the performance of the person's job, and it is not permitted by University policy because it is a personal item. It must be paid for by the individual.

- 2) Unauthorized commitments with suppliers or contractors to perform services or provide goods that are not included/covered under a contract and/or covered by the amount of funding obligated on the contract.

Scenario:

A faculty member contacts a hotel and reserves a venue for an event. The faculty member signs the hotel's contract valuing \$40,000.00.

Explanation:

Various areas of policy were violated in this scenario: The individual did not have the signature authority to contractually bind the University; the state of Georgia's competitive bid threshold was violated, as purchases valuing \$25,000.00 and greater require formal competitive bidding (note: hotel venues are not exempt from the State Purchasing Act); [KSU's Competitive Solicitation Policy](#) was not followed; the faculty member did not obtain budgetary approval to secure the purchase; and the faculty member circumvented [KSU's Contract Review and Approval Policy](#).

- 3) Procuring goods or services in excess of competitive bidding requirements and thresholds, or which exceeds the department's delegated authority.

Scenario:

An employee contacts a supplier and requests delivery of a tractor valuing \$10,000.00 without appropriate approvals at the department level or procurement department authorization in the form of a purchase order or executed contract.

Explanation:

Only the OPC department and select faculty/staff have the authority to enter into a purchase agreement or can otherwise obligate the University for procurement indebtedness. Most individual faculty and staff members are not authorized to sign on behalf of the University, or to bind the University in any manner. **Unless using their P-Card or small-value delegated authority, KSU faculty and staff members are not permitted to: request that a supplier ship a product or perform a service without prior issuance of an approved purchase order or verbally place an order with an unapproved purchase order number. At no time is a KSU faculty or staff member, or student, permitted to request a supplier to add a product or service to an existing approved purchase order.** Based on contract law, individuals who do not have delegated authority, and who enter into unauthorized agreements, may be held personally responsible for the cost of the products or services purchased.

In general, University departments are not authorized to make fiscal commitments against University funds, unless covered by another policy, such as the [Division of Legal Affairs Contract Review and Approval Policy](#) (ref: [http://www.kennesaw.edu/legal/contract review and approval process.pdf](http://www.kennesaw.edu/legal/contract%20review%20and%20approval%20process.pdf)), Petty Cash Fund procedures, Special Pay Requests (SPARs), Check Request Procedures, KSU's Travel Expense Reimbursement Policies, or as outlined in the P-card Manual. If such a commitment is inadvertently made, the OPC cannot process a purchase order and there is no assurance such a purchase can be paid. The person who made the purchase, or the person who directed that it be made in an unauthorized manner, may be personally liable to settle the matter with the supplier. If

an unauthorized charge purchase is submitted for payment or reimbursement, it will be reviewed by an appropriate level of University Management and a case-basis determination will be made as to its disposition. A response will be required explaining the circumstances of the transaction and why University purchasing procedures were not followed, along with an assurance that steps will be taken to avoid future violations of this nature.