Procurement & Payment Summary

Accounts Payable
Perry H. Hull
Agenda

• Accounts Payable: Who we are…what we do…
• Accounts Payable Reorganization
• AP Transaction Volume
• Expenditure Review
• Procurement & Payment Options
• Direct Deposit
• Expedited Processing
• Commitment to Communication
• Resources for You
• Questions or Feedback?
Financial & Business Services

Associate Vice President
Jeffrey J. West

Director, Procurement & Supply Management
James T. Parker
- Contracts & Strategic Sourcing
- Purchasing
- Purchasing Card
- Small Business
- Stores & Receiving
- Surplus & Salvage

Director, Financial Solutions
Dean B. Church
- Business Analysis
- LAN/Desktop Support

Controller and Director, Financial Management
Laura Howat
- Accounting Operations & Controls
  - Accounts Payable
  - Compliance Accounting & Reporting
  - Endowment & Investment Accounting
  - General Accounting
  - Grants & Contracts Accounting
  - Income Accounting & Student Loans
  - Management Accounting & Analysis
  - Payables Production
  - Property Accounting
  - Tax Services

Manager, Travel, Training, and Policy Coordination
Kori Wetsel
- Onsite Travel Agency
- Travel Accounting

Director, International Operations & Financial Analytics
Robert C. Muir
Accounts Payable

Manager
Perry Hull

Accountant
Vacant

Accounting Clerk
Jill Knittle

Accounting Specialist
Sandra Jones

Accounting Specialist
Shaundra Hill

Clerk
Elyse Goldstein Parker Bushnell
Payables Production

Manager,
John Downing

Supervisor, Accounting
Judy Chan

Accounting Specialist
Alice Averett

Accounting Specialists
Maria Nielsen
Rhett Jones

Associate Accountants
Pam Holland
Megan Petersen
Erin Kokal
Michael Nuffer

Clerks
Megan Bettilyon
Chase Anderson
Daryl Goettsche

Data Entry Specialist
Brenna Harris
**Accounts Payable**

- Receive, sort, and distribute all incoming documents
- Customer service
- Communications
- Expenditure review
- Process requests for expedited processing—Next Day or Same Day
- Training, management of the AP website content
- Data sampling and post-audit analysis
- 1099 reporting and review, calculation, and reporting of moving expense reimbursements
- Assist with policy development
- Check distribution

**Payables Production**

- Create, edit, and maintain vendor records
- Voucher Processing
- Payment Processing
- Fortis image scanning and maintenance
- Check and ACH Production
- Data entry of:
  - Payment Requests
  - Limited Purchase Orders
  - Limited Purchase Checks
  - Invoices paid against both LPO’s and Purchase Orders
- Campus Order Processing
New AP team-what are the advantages?

- Emphasis on communications and collaboration
- Can assist you with selecting the most appropriate payment method
- Improved coordination with Purchasing
- Greater emphasis on departmental training and website content
- One group to apply a standard expenditure review methodology
- Data suggests reduced processing time
- Documents are ready-to-key for Payables Production team
- Allows the Payables Production staff to focus on accurate and timely processing
## AP Transaction Volume

<table>
<thead>
<tr>
<th>Month</th>
<th>Invoice</th>
<th>Payment Requests</th>
<th>Campus Order</th>
<th>Scholarship / Fellowships</th>
<th>Limited Purchase Order</th>
<th>Limited Purchase Check</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-12</td>
<td>5,132</td>
<td>3,729</td>
<td>2,017</td>
<td>1,071</td>
<td>229</td>
<td>115</td>
</tr>
<tr>
<td>Nov-12</td>
<td>6,211</td>
<td>3,872</td>
<td>2,437</td>
<td>1,351</td>
<td>532</td>
<td>108</td>
</tr>
<tr>
<td>Oct-12</td>
<td>7,138</td>
<td>4,365</td>
<td>2,544</td>
<td>1,489</td>
<td>426</td>
<td>108</td>
</tr>
<tr>
<td>Sep-12</td>
<td>5,700</td>
<td>3,521</td>
<td>2,202</td>
<td>1,254</td>
<td>320</td>
<td>108</td>
</tr>
<tr>
<td>Aug-12</td>
<td>6,290</td>
<td>4,085</td>
<td>2,348</td>
<td>1,510</td>
<td>370</td>
<td>108</td>
</tr>
<tr>
<td>Jul-12</td>
<td>6,344</td>
<td>3,726</td>
<td>2,616</td>
<td>1,419</td>
<td>712</td>
<td>108</td>
</tr>
<tr>
<td>Jun-12</td>
<td>5,935</td>
<td>3,570</td>
<td>2,746</td>
<td>1,402</td>
<td>356</td>
<td>108</td>
</tr>
<tr>
<td>May-12</td>
<td>5,557</td>
<td>4,775</td>
<td>2,779</td>
<td>1,476</td>
<td>522</td>
<td>108</td>
</tr>
<tr>
<td>Apr-12</td>
<td>6,107</td>
<td>4,736</td>
<td>2,501</td>
<td>1,381</td>
<td>535</td>
<td>108</td>
</tr>
</tbody>
</table>
Accounts Payable Volume - Transactions

Processing Volume By Type
7/1/12 - 12/31/12

- Limited Purchase Order: 9,939
- Campus Order: 14,169
- Purchase Order: 20,281
- Payment Request: 26,440
- Other: 9,270

- Limited Purchase Check: 2,392
- Scholarship & Fellowship: 6,070
- Other: 808
Accounts Payable Volume - Dollars

Processing Dollars By Type
7/1/12 - 12/31/12

- Payment Request $149,221,298
- Purchase Order $82,157,984
- Other $29,268,686

- Limited Purchase Order $4,362,232
- Scholarship & Fellowship $9,024,694
- Campus Order $14,320,820
- Utilities, Freight, and Petty Cash $1,295,900
Payment Requests & Reimbursements

- April-12: 2,000
- May-12: 2,000
- June-12: 1,500
- July-12: 1,000
- August-12: 1,500
- September-12: 1,000
- October-12: 2,500
- November-12: 2,000
- December-12: 1,500

**Reimbursement PR's** | **Total PR's**
--- | ---
April-12 | 2,000
May-12 | 2,000
June-12 | 1,500
July-12 | 1,000
August-12 | 1,500
September-12 | 1,000
October-12 | 2,500
November-12 | 2,000
December-12 | 1,500
Transaction Average Dollars: July - Dec

- Payment Request: $5,644
- Purchase Order: $4,051
- Limited Purchase Order: $439
- Limited Purchase Check: $200
- Scholarship & Fellowship: $1,487
- Freight: $1,075
- Utilities: $2,620
- Petty Cash: $667
- Average
- Median
Processing Time

Processing Time Summary
April to December 2012

*Average based on a 5% Sample. Created from the monthly post audit sample analysis.
“Expenditure Review”... what does this mean???

Review of submitted financial transactions to ensure compliance with University Policy and established Financial & Business Services guidelines and thresholds.
Financial Transaction Requirements

As per Policy 3-003: II. B, financial transactions must be;

1. Reasonable and necessary
2. Consistent with established University Regulations
3. Consistent with any applicable laws and government regulations
4. Consistent with sponsor or donor restrictions.

*Expenditures that are solely for personal benefit or purposes other than those that benefit the university are prohibited.*
Financial Transaction Requirements

- Supporting documentation matches the payment amount
- Appropriately authorized
- If a reimbursement, does supporting document provide evidence of original expense to the payee?
- If a direct payment, ensure that the invoice does not reference an existing Purchase Order, or a Pcard purchase already completed.
Examples of Actual Transactions

**Insufficient Business Purpose**

- Reimbursement for Sky Club membership

**Note:** Business meals, refreshments, or entertainment expenses must include the names of attendees (if less than 10) or name of group and number in attendance, a detailed description, and dates of the function.

- AMEX annual membership fee
Examples of Actual Transactions

Insufficient approvals…
Examples of Actual Transactions

Travel related...

<table>
<thead>
<tr>
<th>BU</th>
<th>ORG</th>
<th>FUND</th>
<th>ACTIVITY</th>
<th>PROJECT</th>
<th>ACCOUNT</th>
<th>A/U</th>
<th>AMOUNT ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>00028</td>
<td>1001</td>
<td>05406</td>
<td>60200</td>
<td>1</td>
<td></td>
<td>6,832.10</td>
</tr>
</tbody>
</table>

REIMBURSEMENT FOR AIRFARE TO CHINA FOR CHINESE INITIATIVE - JUNE 20 THROUGH JULY 1, 2012 WILL REIMBURSE $4430.90
Examples of Actual Transactions

Purchasing review required...
Examples of Actual Transactions

Purchasing review required...
Examples of Actual Transactions

Purchasing review required..

FINANCIAL & BUSINESS SERVICES
Examples of Actual Transactions

Reimbursement???

[Image of a payment request form with handwritten notes and numbers]
Reimbursement???

My graduate student, Amanda [redacted], is preparing for her field season in Indonesia and needs to transfer money for her stay at the field camp and for the annual cost of a field assistant and the supplies for remote acoustic sensing. I will help her out with the finances by covering a part of her costs (i.e. the field assistant and supply costs for the remote acoustic sensing units).

Could you please request a check to be covered by my setup account and made out to Amanda [redacted] for the sum of $4,500.-- to cover these costs.
New Regulations Governing Expenditures & Reimbursements

• Policy 3-010  
Expenditure of University Funds & Personal Reimbursements

• Rule 3-010A  
Expenditure and Reimbursement Requirements
Objectives of the New Regulations

- Support best practices expenditure behavior
- Defines a University business expense and defines the standards for expenditures, including personal reimbursements.
- Ensures that expenditures further the mission of the University and are necessary, reasonable, prudent, appropriate, and transparent.
- Creates a basic framework for processing of expenditure transactions.
- Reduce the large volume of personal reimbursements, which are highly inefficient.
What’s Wrong With Reimbursements?

• Inefficient for both campus departments and central administration.
• Financial burden for the individual while they wait for their reimbursement.
• University generally exempt from Sales Tax, which is nearly always present on these transactions, resulting in waste.
• Doesn’t take advantage of negotiated State of Utah or University contracts.
• Often results in a paper check, compounding the inefficiency.
Reimbursement Examples
## Reimbursement Examples

### PAYMENT REQUEST

<table>
<thead>
<tr>
<th>PAYMENT REQUEST</th>
<th>VENDOR NUMBER</th>
<th>VENDOR TYPE</th>
<th>DATE OF SERVICE</th>
<th>CANCELED</th>
<th>EXEMPT</th>
<th>SUBTOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR-00710888</td>
<td>Employee</td>
<td>Campus Mail</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Business meals, refreshments, or entertainment expenses must include the names of the attendees (if less than 10), the date and time of the function, and a detailed description of the function.

**SAS Software**

<table>
<thead>
<tr>
<th>ISSUE/REFERENCE</th>
<th>ACCOUNT</th>
<th>AMOUNT ($)</th>
<th>1099 CODE</th>
<th>SUBTOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>79.00</td>
<td></td>
<td>79.00</td>
</tr>
</tbody>
</table>

Each field must be filled in to properly allocate the payment. If not filled, or not properly filled out, the request will be returned, resulting in unnecessary delays.

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**University Information Technology**

**SOFTWARE LICENSING**

**THE UNIVERSITY OF UTAH**

### Your Receipt

**Print this receipt for your records.**

- Order #: 12412559
- Order Name: [Redacted]
- Date: 04/29/2013
- Name/Id: [Redacted]
- Payment Method: Credit Card
- Credit Card Confirmation #: 121001380134
- Item Sub-total: 79.00
- Total: 79.00
- Order Comments: [Redacted]
Low Dollar Reimbursement Examples

**PAYMENT REQUEST**

**ACCOUNTS PAYABLE DEPARTMENT**
201 S. PRESIDENT’S CR, RM 3-145
SALT LAKE CITY, UT 84112-0003
(Phone: 801/581-4916)

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SALT LAKE CITY, UT 84112-0003
(Phone: 801/581-4916)
Policy 3-010
Expenditure of University Funds & Personal Reimbursements

- Binding for all University colleges, departments, and units, including University Hospitals & Clinics.

- *All University Funds are included*, and are defined as those which are “administered or held by the University.” This may include;
  - Departmental operating funds
  - Clinical income
  - Gifts
  - *Any other funds* for which the University is accountable, including monies from federal contracts and grants.
Policy 3-010
Expenditure of University Funds & Personal Reimbursements

• *Emphasis on preferred procurement methods* and utilization of negotiated contracts, and the least costly expenditure outlay to the University.

• *Discourages the use of individual’s personal funds* as a procurement method.

• *Discourages the payment of sales tax* by the University.

• *Prohibits* use of personal funds to purchase on behalf of the University *in combination with* use of the University’s Sales Tax Exemption certificate.
Policy 3-010
Expenditure of University Funds & Personal Reimbursements

UTAH STATE AND LOCAL GOVERNMENTS AND PUBLIC ELEMENTARY AND SECONDARY SCHOOLS
Sales Tax License No. 11874443-002-STC

I certify the tangible personal property or services purchased are to be paid directly with funds from the entity noted on this form and will be used in the exercise of that entity’s essential functions. For construction materials, if the purchaser is a Utah state or local government, these construction materials will be installed or converted into real property by employees of this government entity. “Directly” does not include per diem, entity advances, or government reimbursements for employee credit card purchases.

CAUTION: This exemption does not apply to government or educational entities of other states.
Policy 3-010
Expenditure of University Funds & Personal Reimbursements

- Establishes a minimum amount, currently $25, under which a departmental petty cash fund should be used.
- Establishes a maximum amount, currently $1,000, above which additional approval is required, in addition to an explanation why preferred procurement methods were not used.
- If an individual makes a purchase which violates University procurement policies, and then seeks reimbursement, it is possible that reimbursement will not be processed.
Rule 3-010A
Expenditure and Reimbursement Requirements

• Establishes the following *minimum* documentation requirements;
  • Description of item or services purchased
  • Date of invoice or date of purchase
  • Amount
  • Adequate description of business purpose
  • Appropriate invoice or receipts
  • Appropriate accounting distribution
  • Necessary approvals
Rule 3-010A
Expenditure and Reimbursement Requirements

• Combining the use of personal funds with the use of the University Sales Tax exemption certificate is a violation of state law.

• If documentation suggests misuse of this certificate, the reimbursement will require a letter of justification, including approval of the cognizant Vice President.

• Reimbursement requests will not be eligible for expedited processing (Next Day or Same Day) without department Director or Chair approval.
Procurement & Payment Options

Make The Right Choice

• Attend the Procurement Basics Class offered by Purchasing
• Properly use the following methods to make payments;
  – Limited Purchase Order
  – Limited Purchase Check
  – Payment Request
• Prepare these procurement documents completely so expenditure review by Accounts Payable is expedited.
• Ask Us when you have a question!
Procurement & Payment Options

Make The Right Choice

• Policy
  – Familiarize yourself with Policy 3-191: Small Purchases and Expedited Procurement

• Become familiar with these procurement and payment options;
  – Procurement Card
  – Blanket Purchase Order
  – General Purchase Order
  – Limited Purchase Order
  – Limited Purchase Check
  – Payment Request
  – Petty Cash

administered by Purchasing
administered by Accounts Payable
administered by General Accounting
Direct Deposit (ACH)

- Payments can be made by Direct Deposit rather than by check.
- Direct Deposit is available for all vendors who are in the Accounts Payable Vendor Master table.
- There are no checks or paper advices for this distribution. The payment will be deposited directly to the payee’s checking or savings account and an email containing the payment advice will be sent to the payee.
- Once the vendor or student is set up under this payment method, they must notify Accounts Payable in writing if they wish to change the account information or to opt out.
- A Stop Payment can be made on a Direct Deposit payment if Accounts Payable is notified within five working days of the date of payment.
Direct Deposit (ACH)

- Payee receives an email to notify them of the pending payment…

- Direct Deposit Links on the AP Website
  - General Discussion and FAQ
  - Direct Deposit Authorization Form
Procurement & Payment Options

- **Procurement Card**
  - Preferred for small dollar (<5,000)
  - Widely accepted by merchants
  - Minimal paperwork
  - Very efficient reallocation of transactions
  - Excellent controls
  - Some restrictions apply
  - Currently nearly 2,000 cardholders, representing 420 different campus departments
  - Average of 17,000 transactions per month
  - Learn more at: [http://fbs.admin.utah.edu/pcard/](http://fbs.admin.utah.edu/pcard/)
Procurement & Payment Options

- **Blanket Purchase Order**
  - For frequent small dollar (<5,000) purchases
  - Can be created anytime during the year
  - Very convenient
  - Paid through Accounts Payable, on invoice
  - Allows for multiple chartfield distributions
  - Purchasing distributes proof requisitions each Spring for Blanket Orders which expire June 30
Procurement & Payment Options

- **General Purchase Order**
  - Purchases expected to be >$5,000
  - Initiated with a Requisition
  - Can be created anytime during the year
  - Paid through Accounts Payable, on invoice
  - Allows for multiple chartfield distributions
  - All restricted items must use a Requisition
  - Learn more at: [http://fbs.admin.utah.edu/purchasing/](http://fbs.admin.utah.edu/purchasing/)
Procurement & Payment Options

- Limited Purchase Order
  - Used for one-time transactions between the University and a vendor
  - They are individually numbered forms, of the format “LO-nnnnnnn”
  - This LPO number should appear on all related invoices
  - Three-part form;
    - Part 1: Vendor
    - Part 2: Accounts Payable
    - Part 3: Department
  - One Invoice per LPO
  - The total order, including back ordered items, cannot exceed $5,000
  - For incremental services or deliverables and you expect multiple payment installments, do not use an LPO, instead use Requisition
Procurement & Payment Options

- **Limited Purchase Order**
  - Follow these steps to obtain LPO’s
    - Complete the written Agreement
    - Pickup forms in the Accounts Payable office. These *cannot* be sent to you via or Campus Mail.
    - LPO Custodian and authorized signatory must sign the agreement and be on the Signature Card record in Accounts Payable
    - LPO’s can be picked up by anyone with a valid University ID Card
Procurement & Payment Options

- **Limited Purchase Check**
  - Can *only* be used for payments to Human Subjects
  - Payments less than $1,000
  - Very convenient
  - Must be kept in a secure location
  - Must be entered into the Positive Pay system
  - Contact **Rhett Jones** in Payables Production to learn more about this program, or to schedule training.
Procurement & Payment Options

- **Payment Request**
  - May be prepared for any dollar amount
  - Preferred method for payments to individuals for services, employee/student refunds, reimbursements, or membership dues
  - Payment Requests should always be used for;
    - Consultants *
    - Independent Contractors *
    - Guest Lecturers ^
    - Performers ^
    - Honorarium
  - For incremental services or deliverables and you expect multiple payment installments, do not use a Payment Request, instead use Requisition.
  - Please refer to [University Regulation Policy 3-111](http://fbs.admin.utah.edu/accountspayable/payment/onlinecheck/) for guidance when paying Independent Contractors and Consultants
  - Payment Request information and forms can be found at; [http://fbs.admin.utah.edu/accountspayable/payment/onlinecheck/](http://fbs.admin.utah.edu/accountspayable/payment/onlinecheck/)
  - Use either the auto-numbered version, or non-auto-numbered (Mac users)

*Professional Services Agreement also required
^Guest Lecturer/Performer Agreement also required
Refer to University Regulations Policy 3-062
Procurement & Payment Options

- **Petty Cash**
  - Can be effective way to handle small incidental purchases
  - Overview
    - Establish departmental Petty Cash Custodian, who must also be an employee
    - Determine Petty Cash amount, based on estimated 45 day expenditures
    - Custodian is held personally liable for the funds
    - Cash must be kept in a secure location
    - Original receipts are required, and should be taped-down to expedite processing
    - Payments cannot exceed $100
  - Related policy and guidance
    - Petty Cash Funds Guidelines
    - Petty Cash Policy
  - Related forms
    - Petty Cash Request/Change Form
    - Petty Cash Reimbursement Form
  - Contact **Steve Allen** in General Accounting to learn more about this program.
Travel Related Payments?

- **Use a Travel Form when the following apply;**
  - IF an employee travels more than 100 miles AND more than 10 hours
  - OR IF there are any overnight lodging expenses
- **Contact Travel** if you have a question
Expedited Payment Requests

• Typically, payments can be made within one business day of receiving the Payment Request.

• Next Day payments
  – $12 handling fee
  – If received before 1:00pm, then check available after noon the next business day*
  – If received after 1:00pm, then we will try to include in the Next Day cycle, but it may be necessary to be included in the following business day activity.

• Same Day payments
  – $24 handling fee
  – Coordinated through office management and dependent upon available resources

• Handling fees can be paid through Campus Order, or deducted from the total payment amount

* Provided the Payment Request successfully passes expenditure review and has all necessary approvals
Commitment to Communications

• FBS News
  – FBS News – Financial and Business Services uses FBS News to communicate important financial information, changes, timely updates and useful tips. You can subscribe to the FBS News list and receive FBS News in your inbox.
  – This list is recommended for all persons who wish to receive email notification with financial responsibilities from buying supplies, paying invoices, payroll and reconciling management reports – or anything in between.
  – To subscribe, go to the Commitment to Communication page, and scroll down to Subscribe to ListServes section.
Communication Preferences

When receiving routine communications from Accounts Payable, what method do you prefer?

- Email: 193 (91%)
- Phone: 17 (8%)
- Web Page: 1 (1%)

When contacting Accounts Payable with a specific question or problem, what method do you prefer?

- Email: 56 (26%)
- Phone: 153 (72%)
- Web Page: 3 (2%)
Resources for you…

Accounts Payable Webpage

- **Contact Us**
  - [http://fbs.admin.utah.edu/accountspayable/contact_ap/](http://fbs.admin.utah.edu/accountspayable/contact_ap/)

- **Share Your Feedback**
  - [http://fbs.admin.utah.edu/accountspayable/ap_feedback/](http://fbs.admin.utah.edu/accountspayable/ap_feedback/)

- **Procurement Options Matrix**
  - [http://fbs.admin.utah.edu/accountspayable/payment/procurement-options/](http://fbs.admin.utah.edu/accountspayable/payment/procurement-options/)

- **Request Status of Payment Request**
  - [http://fbs.admin.utah.edu/accountspayable/status_pr/](http://fbs.admin.utah.edu/accountspayable/status_pr/)

Campus Information Services

- **Voucher Payment Search**
Questions or Feedback?

Perry H. Hull
Manager, Accounts Payable
D: 801-581-6338
F: 801-585-6443
www.ap.admin.utah.edu

201 S Presidents Circle, Room 145
SLC, UT 84112-9003