



NOTABLE CHANGES

New General Administration Policies



During January and February, the Board of Trustees approved the following revisions to existing policy and new policies. We encourage departments to share these brief summaries with the appropriate personnel in your areas.

[Policy 3-002 \(Revision\)](#), Administration of State Appropriated Funds; Approved January 12, 2010

This policy was updated with new requirements and guidelines related to the administration of state appropriated funds, the University Work Program and carryforwards.

Each year, the President of the University calls upon departments and officers for estimates of their financial needs for the ensuing fiscal year. The moneys allocated to the University by legislative appropriation will be budgeted in accordance with legislative intent, the University Work Program, or operating budget approved by the State Board of Regents. The budget process is an attempt to ensure that expenditures remain within the appropriations for the applicable period. In preparing unit-level budget requests, operating units across campus will follow presidential directives and guidelines promulgated by the Office of Budget and Institutional Analysis, and will be notified before July 1st of the final amount allocated for its use.

[UPol 3-002](#) indicates the following:

- Operating units will expend state appropriated funds in a manner consistent with applicable state law and legislative intent.
- Expenditures of state appropriated funds by operating units are not to exceed available resources in the aggregate, including budgeted amounts and any available reserves, for any individual unit without the consent of the cognizant vice president.
- All budget transfers of state appropriated funds must be approved by the Office of Budget and Institutional Analysis.
- Budget transfers involving non-appropriated funds should follow procedures established by the Office of Research Administration, auxiliary services, or other administrative units responsible for oversight of the particular funds involved and in ways consistent with procedures of the Office of Budget and Institutional Analysis.
- Funds remaining unspent at fiscal year-end are available to build up a cash reserve to cover unanticipated needs, mitigate the effects of future budget cuts, or provide a reserve for future obligations that cannot typically be met during one budget cycle.
- Carryforward balances should be kept within a reasonable range, as set forth by [Board of Regents Policy R562](#), and not allowed to grow beyond the anticipated needs of the budgeted unit.

Policy 3-004 (Revision), Processing and Signing Official Documents; Approved January 12, 2010

This policy was revised to update the responsibilities for the review, approval and signing of Official Documents which is defined as “written agreements, proposals, or other formal instruments regarding a course of action, the expenditure of University funds, or other contractual obligations - intended to be binding upon the University. Official Documents obligate the University as a whole, or its divisions, to act, engage, consent, perform, or pay. Typically, at least one party to the transaction is external to the University. Official Documents may be in the form of contracts, proposals, agreements, statements, notices, resolutions, letters, memorandums, licenses, indentures, etc. But such documents may go by other names as well.”

Official documents with significant legal implications should be forwarded to the University Office of General Counsel for review before execution by the appropriate University Officer.

All Official Documents, as defined above, shall be signed by a University Officer (an individual holding an executive level position at the University), or an Authorized Alternate as otherwise permitted by this policy, and according to the new [Rule R3-004A](#) which clarifies particular types of Official Documents organized by the University Officer responsible.

Policy 3-011 (Revision), Petty Cash Funds; Approved January 12, 2010

The petty cash policy has been revised to increase the dollar threshold for small dollar transactions from \$50 to \$100. The purpose of the change is, in part, to alleviate pressure felt by those who used the Limited Purchase Checks for small dollar transactions in the past.

Policy 3-018 (New Policy), Internal Controls; Approved January 12, 2010

“The purpose of this policy is to communicate, to the entire campus community, the University's internal control objectives; and to establish standards for the design and operation of the University's system of internal controls in order to reduce the University's exposure to financial risks - such as mismanagement of funds and fraud.” (UPol 3-018) The core of any university is its people; and the internal control environmental tone is set by its leaders. University leaders are expected to set an appropriate “tone at the top” that reflects the University's values and commitment to ethical conduct.

Faculty and staff in leadership roles are responsible for the application of this policy and the University Controller's Office, as the primary source of helpful information invites department leadership to become involved by participating in [specifically designed training](#), or to ask questions.



Faculty and staff responsible for internal control systems should understand the systems in sufficient detail so as to support ongoing monitoring of the systems' effectiveness and must provide mechanisms to support:

- Timely communication in a manner that enables people to carry out their responsibilities, and that all those reporting to him/her will have adequate knowledge, skills and abilities to contribute to the control environment.
- All personnel must receive a clear message from their leaders that control responsibilities must be taken seriously.

- Employees must understand their own roles in the internal control system, as well as how individual activities relate to the work of others.

Policy 3-043 (New Policy), Accountability for Intangible Assets; Approved February 9, 2010

The purpose of this policy is to set University capitalization thresholds related to accounting and financial reporting for intangible assets, though not for the creation of intellectual property. The policy applies only to regulate accounting and financial reporting practices for intangible assets owned by the University. A [FAQ](#) has been developed to distribute to those affected.

While the policy covers several different kinds of intangible assets, the type most frequently encountered by departments will involve the purchase or development of software. The software capitalized under this policy can be either purchased software or internally developed (e.g. a “project”). The cost of purchased software must be at least \$100,000 and have a useful life of at least five years to be capitalized. If the project is for research purposes, it is not subject to this policy and is not capitalized. Projects must have an estimated budget of at least \$1,000,000 and an expected useful life in excess of ten years. Upgrades and enhancements are capitalized only if there is a significant increase in functionality. Routine upgrades or annual maintenance costs are not capitalized. If your department is planning to purchase software and it will be over \$100,000, please use account 61500 (BU 01): “Software Purchase >\$100,000” which was created for software to be capitalized under this policy. Please direct any questions you may have to General Accounting at 801-581-5610 or [ASK US](#).



PROCESS SPOTLIGHT

‘Reportable’... ‘1099able’... ‘Withholding’...

What does it all mean?

PeopleSoft uses the term “withholding” to mark a “vendor,” or someone who receives payment from the University, as a 1099 reportable vendor. It is important to note that no funds are actually withheld or deducted from payments, “withholding” merely indicates that we need to “report” to the Internal Revenue Service (IRS) certain types of transactions paid to the vendor. All vendors marked as “withholding” with “1099” payments totaling \$600 or more in a calendar year, or \$10 in the case of Royalties, will be issued an IRS Form 1099-MISC, postmarked by January 31st for the previous year. The information will also be provided to the IRS.

All vendors receiving 1099MISC reportable payments must provide the University with a legible completed IRS Form W-9. On this form, the vendor certifies the official business or personal name on file with the IRS or Social Security Administration and the taxpayer identification number (EIN or SSN). This form is also used to certify the type of organization under which the vendor operates.

The two most important factors in determining if a vendor payment will be “1099able” are the vendor’s type of business, and payment type.

The W-9 provides the choice of five categories for business type:

- Individual/Sole Proprietor
- Corporation
- Partnership
- Limited Liability Company with the choice of Corporation or Partnership
- Other with an explanation required

W-9 Form (Rev. October 2007) Department of the Treasury Internal Revenue Service		Request for Taxpayer Identification Number and Certification		Give form to the requester. Do not send to the IRS.
Name (as shown on your income tax return)				
Business name, if different from above				
Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership				
<input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶				
<input type="checkbox"/> Other (see instructions) ▶ <input type="checkbox"/> Exempt payee				
Address (number, street, and apt. or suite no.)			Requester's name and address (optional)	
City, state, and ZIP code			University of Utah- Accounts Payable Dept. 281 S. President's Cir., Rm 145, SLC, UT 84112 Phone: 801.581.6976 Fax: 801.585.6443	
List account number(s) here (optional)				
Part I Taxpayer Identification Number (TIN)				
Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN on page 3. Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.				
Social security number			Employer identification number	
Part II Certification				
Under penalties of perjury, I certify that:				
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and				
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and				
3. I am a U.S. citizen or other U.S. person (defined below).				
Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.				
Sign Here		Date		
Signature of U.S. person ▶		Date ▶		
General Instructions				
Section references are to the Internal Revenue Code unless otherwise noted.				
Purpose of Form				
A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.				
Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:				
1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),				
2. Certify that you are not subject to backup withholding, or				
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.				
Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.				
Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:				
• An individual who is a U.S. citizen or U.S. resident alien,				
• A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,				
• An estate (other than a foreign estate), or				
• A domestic trust (as defined in Regulations section 301.7701-7).				
Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.				
The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:				
• The U.S. owner of a disregarded entity and not the entity,				

There is an additional checkbox - Exempt Payee - for an organization exempt from back-up withholding. (This box is not generally used to determine the vendor's 1099able status.)

When the vendor is a corporation the payment is not 1099able except when the payment is for medical or legal services. The purchase of a product is not 1099'd but payments for services are.

The organization type selected on the W-9 determines what vendor name is used to comply with IRS rules.

When a Social Security Number is the taxpayer ID, the vendor name must match the individual's name on line one. Line two would be their business name.

When an Employer Identification Number (EIN) is used, the name on line one can be either the individual's name or a business name, depending on what type of organization they are and the name the EIN was issued under.

When "withholding" applies to a payee, the correct name, address and SSN/EIN must be entered on the vendor master file. The withholding address must be a current mailing address. Using a department's campus address is not allowed. When the withholding address is not correct or not current, the vendor will not receive the 1099 in a timely manner. In addition, the University may be contacted by the IRS for issuing a mismatched or incorrect 1099. The IRS has the authority to penalize the University for each incorrectly issued Form 1099.

The IRS W-9 form is available from the [W-9 index topic](#).

INTERNAL CONTROLS CORNER

Internal controls are the procedures and measures set in place to help the University operate effectively and efficiently. Internal control weaknesses can open the doors to fraud.

Do you read the newspaper regularly or watch the news? If so, you can't help but notice that there are frequent stories regarding situations where someone, usually a trusted employee, has stolen from their employer. None of us want to see the University or our departments as the focus of such stories. Negative publicity not only reflects poorly on the University, it also damages our credibility and the public's confidence. Frequently, the reasons behind the reported problems are weaknesses or failures in internal controls. A strong system of internal controls helps prevent fraud from occurring and helps detect problems early. Especially, in tight budgetary times, good internal controls help prevent fraud, waste, and misuse. Some common internal controls include:

- Passwords for entry into computer systems
- Securing cash receipts and credit card numbers
- Supervisory Sign-off of payroll, travel and expense receipts
- Separation of duties for key processes involving cash or credit cards
- Restricted access to property via keys or electronic access codes



Each of us has the responsibility to complete our job duties in compliance with established job requirements, follow internal controls and report any weaknesses in internal controls to supervisors. If you suspect something is not right or could be improved in your area, please discuss it with your supervisor, manager, or the Internal Audit Department. You may also file an online confidential report using the [Ethics Point site](#) or by calling 888-206-6025. Reports may be submitted anonymously and are investigated by Internal Audit. A new policy, [UPol 3-018](#) Internal Controls was recently approved communicating the University's internal control objectives. See the related article regarding [UPol 3-018](#) in Notable changes, above.

\$Y\$ - HAPPENINGS



FBS Training Improved with a new Testing Application

Financial & Business Services is excited to announce a new training application, replacing EduCat, which went live in February, 2010. Our [training](#) goal is to make sure campus professionals conducting University's business have the latest information. This web-based application gives us a better idea of how effective our training is for our users. Training topics and presentations are sorted by department. Where required, a quiz may be taken after viewing the training to verify the information presented was understood by the participant. An internal database records the grades and the FBS department is able to see the results real-time to know if a quiz has been passed, and will be able to assign privileges based upon the results. Check out and bookmark [the site](#) for future use.

Financial Applications in the Campus Information System Upgraded

The previous PeopleSoft Financial software version V8.49 is no longer supported by the vendor, Oracle. In order to continue receiving updates and patches, the University upgraded to the new version of the software, V9.0. This upgrade was completed in February.

The University now has access to more current software features and will not be vulnerable to compliance reporting changes and potential fines from government entities.

Objectives of this project included the following:

- A vendor supported version of the financial software
- All new features, upgrades, and patches to the software
- Up-to-date Government compliance reporting; e.g. 1099, W2's

Thank you to all who participated in this project for a job well done. Many hours were put into testing, investigating issues and applying fixes.

PURCHASING CARD

PaymentNet Helps You Manage Your PCard Account

What it is or isn't:

PaymentNet is the on-line system, provided by JP Morgan Chase, for cardholders to get information about their account. It is not connected to the reallocation program on the Campus Information System (CIS). This table shows some of the differences:

	CIS/Reallocation	PaymentNet
Access to the systems:	Reallocator only	Cardholders Reallocators can also request access by contacting the PCard office
Information available:	Current month's transactions	All transactions - Current and previous (up to 4 years); Authorizations and declines; Reports - transaction limits and available balance.
Processes:	Reallocate transactions to various accounting chartfields	Initiate a "Dispute" of a transaction (if contacting the merchant did not resolve the issue)

Getting Started:

Details for logging on can be found at [PaymentNet User Guide](#) on the PCard website. The initial pass phrase, which is used the first time you log on, expires about 2 months after the card is issued. If you did not log on shortly after receiving your card to change the pass phrase, please call the PCard Program at 801-581-7241, or [ASK US](#) and we can reset the pass phrase for you.

Features:




The [PaymentNet User Guide](#) has directions for navigating the system. Once you have logged on to the [PaymentNet](#) site, other tutorials can be found by selecting the "Contact Us" phone icon, seen here. These tutorials will be helpful in becoming familiar with the site. The training module, "Reviewing a Transaction", is a good basic introduction. Keep in mind that since the University does not use PaymentNet to assign accounting information, some features that are demonstrated are not available. By running queries or sorting the transactions, you can easily find those items you want to look at more closely. When you click on a transaction, a page appears with a few details on the merchant, such as a phone number or location. Some "Level III" merchants, like Office Depot, OfficeMax, Fisher Scientific, VWR, Sigma Aldrich, and Home Depot, also list an itemized description of the purchase under the Addendum tab.

"Authorizations/Declines" on the "Transactions" menu lists charges that have been initiated by the vendor but have not been posted yet. Declines are charges that are not approved for processing and there is listed a reason for the decline. If this happens, you need to contact the bank to verify the charge is valid so the account can be released from suspension. If the charge is not a valid transaction, the card may be cancelled and a new card issued. The "Reports" menu offers the "Cardholder Status" report, which provides transaction limits and available balance for the cycle.

More information:



Many cardholders have found PaymentNet is a useful tool to find the information needed to manage the PCard account. The Purchasing Card staff is also available and happy to help you with any questions you may have regarding transactions or reallocations.

University Purchasing Card staff – 801-581-7241 or 
JP Morgan Chase Customer Service – 1-800-316-6056

Share your ideas for future newsletters!



FBS COMMUNITY

Changes to Accounts Payable Coming Soon!

AP will be restructured into two teams of professionals to better concentrate on streamlining operations. Please refer to the [March 22nd news post](#) for the latest information. More communication will follow as these changes require action from our campus customers.

This year's Legislative session ended March 11th. Take a look at the impact of legislative decisions on Higher Education by reviewing the summary provided by the [FYI newsletter](#).

Please join us in congratulating the following FBS employees for their length of service:

5 Years - Jeannette Taylor (June 1), Office of Assoc. VP FBS

15 Years - Alice Averett (April 24), Accounts Payable

25 Years - Steffany Forrest (July 1), Income Accounting

30 Years - Steve Allen (July 1), General Accounting

35 Years - Sara Emery (June 1), Tax Services & Payroll Accounting

UPCOMING EVENTS

Schedule Travel Services for your next Staff Meeting

Travel Services invites departments interested in increased efficiency, a better understanding of the Travel industry and our procedures to schedule a support staff meeting where we can make a helpful presentation and answer questions. Use the [ASK US](#) form to schedule.



Important dates and Training dates can be found using the [FBS Calendar](#):

A screenshot of the Financial & Business Services website navigation menu. The header includes the University of Utah logo and the text "FINANCIAL & BUSINESS SERVICES THE UNIVERSITY OF UTAH". A "a to z index | search | directory" link is in the top right. The main navigation bar contains links for HOME, CALENDAR, CIS, COMMUNICAST, EVENTS, FORMS, HELP, INDEX, NEWS, REGS, SITE MAP, and TRAINING. Below this is a secondary navigation bar with links for Accounts Payable, Controller, Endowment & Investment, Financial Solutions, General Accounting, General Stores, Grants & Contracts, Income Accounting, Management Accounting, Payment Card Acceptance/E-Commerce, PCard, Property, Purchasing, Surplus, Tax Services, and Travel. An arrow points to the "CALENDAR" link in the main navigation bar.