Accounts Payable

Procurement to Pay Tutorial

General guidelines for payments made with University funds on Limited Purchase Orders, Limited Purchase Checks, & Payment Request
What We Do:

- Expenditure Review
- Department & Vendor Relations
- Voucher Processing
- Payment Processing
- Auditing
  - 1099 Reporting
  - Duplicate transactions
  - Stale-dated payments
- Document Imaging
- Form Distribution
  - Limited Purchase Orders (LPO’s)
  - Limited Purchase Checks (LPC’s)
- Campus Orders
- Campus Order Processing
Payments can now 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.

This payment method does not affect payroll and is not associated or coordinated with Payroll Department’s direct deposit options or Income Accounting student loans.

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 the ACH is notified within five working days of the date of payment.
Course Objectives

After this course, participants will be prepared to:

- Properly use Limited Purchase Orders, Limited Purchase Checks, & Payment Request to make payments.
- Prepare these procurement documents so expenditure review by Accounts Payable is expedited.
University Policy provides guidelines for small dollar purchases. You are responsible for following these policies when you make purchases. The Purchasing Department maintains contracts with many suppliers for all kinds of merchandise. In addition to University contracts, the state has contracts that are available. Using these contracts could mean substantial savings. Please view http://www.generalservices.utah.gov/statewidecontracts/Contracts.aspx for additional information or call the Purchasing Department to speak with the appropriate buyer for help with identifying these sources.

A part of your purchasing responsibility includes compliance with the University’s policy governing Small, Minority, and Woman-owned Businesses (See University Policy 3-100:III.D.4). Contact the appropriate buyer in Purchasing for commodity-specific information.
# Preferred Methods of Procurement

The **Preferred Methods of Procurement** is an excellent quick reference guide which helps in determining which financial instrument can be used to make a purchase.

## Academic Membership Dues
- **Advances Deposits**
  - **Conferences**
  - **Payments**

## Art Supplies
- **Rental Tools**
- **Space Heating or Cooling**

## Food and Beverages
- **Awards**
  - **Monetary**
  - **Gift Cards**

## Books and Software
- **Bottled Water Services**
- **Campus Purchases**

## Capital Equipment
- **Insurable $1,000 - $4,999**
- **Greater than $5,000**

## Cash Advances for Travel
- **Less than $2,000**

## Coffee Services

## Communications
- **Telephones**
- **Cellular Telephones**
- **Two-way Radios**
- **Compressed or Liquid Gases**
- **Computer Hardware + Capital or Insurable Equipment Spending Limit**

## Computer Software + Capital Spending Limit

### Additional Instructions
- **See Table 1 below**
- **HR must approval advertising for staff positions**
- **See Travel Policy**
- **Not allowed using state appropriated funds. Any purchase of alcoholic beverages for entertainment or recruiting purposes requires Dean or Director's written approval.**
- **Bookstore, Chartwell's, & Guest House prefer the Purchasing Card.**
- **Use a Telephone Equipment Order for telephones, pagers, and cellular telephones and send to Telecommunications.**
- **Requires Plant Operations approval.**
- **All compressed or liquid gases must be procured from stores and receiving. Purchase > $1,000 are insurable assets and should be recorded in the appropriate expense account.**
The total time needed to complete the entire tutorial is approx. 30 minutes. Throughout the tutorial, hyperlinks are shown in blue text. The escape key on your keyboard will take you out of the tutorial at any time.
LIMITED PURCHASE ORDERS (LPO)

• How to fill out the LPO Agreement
• Obtaining LPO’s
• How to fill out and use an LPO
The Limited Purchase Order (LPO, LO) is designed to make small dollar procurements. See University Policy 3-191.

It is intended for one-time transactions between the University and an outside vendor.

Use a Requisition if the agreement includes incremental services or deliverables and the vendor expects installments or more than one payment.

One order may be placed for each LPO. The total order, including any back ordered items, cannot exceed $5000.

LPO’s are numbered in the following format: LO-XXXXXXX. The LPO number appears on every copy of the LO and should be used by the vendor on all related invoices, correspondence, etc.
When to Use an LPO

- Alcoholic Beverages (See Policy and Procedures)
- Advertisement Programs and billboards
- Award Plaques
- Blood Donors
- Books
- Computer Hardware (less than capital spending limit)
- Computer Programs and Licensing (less than capital spending limit)
- Employment Agency Temporary Services
- Equipment (One-time Rental/Payment)
- Flowers
- Food for Business Meals, Office Functions and Recruitment
- Freight
- Insurable Equipment ($1000-$4999)
- Lab/Office Supplies
- Maintenance Agreements
- Medical Services
- Printing & Copying or Photographic Slide Reproduction
- Restaurants (Banquets and Catering)
- Services such as Repairs (custodial and plant maintenance)
- Vehicle Rentals

Consult the Preferred Methods of Procurement Chart for limitations.
To obtain blank Limited Purchase Orders, you must complete a written LPO agreement. Click here to open a .pdf copy of the form. It is also available on the Accounts Payable website.

Limited Purchase Order forms can be picked up in Accounts Payable but cannot be sent through Campus Mail or USPS mail.

The LPO custodian and an authorized signatory must sign the agreement and be on the Signature Card records in both Accounts Payable and Purchasing.

The person who picks up the blank forms does not have to be the authorized signatory or the LPO custodian, but they must have a valid University ID.

Each request for LPO’s must be on an original form and include the appropriate original signatures.
**THE LPO AGREEMENT**

**Section 1:**
- Fill in:
  - Dept. name & phone
  - Campus address
  - Delivery code* (the receiving department uses this code for delivering items they receive with your LPO number on the packaging slip)

**Section 2: LPO Custodian**
- Fill in:
  - Name & University ID#
  - Phone & Email address

**Section 3: Authorized Signatory**
- Fill in:
  - Default chartfield
  - Signatory name & signature
  - Email address

**Section 4: AP USE ONLY**
* Your delivery code can be found on the Employee page in the CIS or you can call Purchasing.

I accept custody of these Limited Purchase Orders with the understanding that I am personally accountable for the blank forms. I further commit that I will not redistribute blank Limited Purchase Order stock contained in my possession in order to supply another employee's working supply of blank forms.

University policy and procedures provide guidelines for utilizing Small, Minority, & Women-owned businesses. It also has guidelines for small dollar purchases. My department accepts responsibility for following these policies and for the proper use, theft, or loss of the Limited Purchase Orders that are allocated to us. You are authorized to charge my Default Chartfield for the full amount of the Limited Purchase Order when we do not allocate the amount on the Limited Purchase Order copy, or otherwise do not have adequate funding in an account within the allocation, or when you do not receive a completed LPO within three days after receiving an applicable invoice from the vendor. I further understand that violations of the Limited Purchase Order policy (University Policy and Procedure 4-3) will result in the loss of their use, and that improper use of the Limited Purchase Order may result in disciplinary action up to and including termination of employment and full restitution to the University for all related sustained losses.
Section 1: The vendor’s Tax ID

- Enter the vendor tax identification number here.
- If the vendor is not in the Vendor Master, then an IRS Form W-9 is required before payment.

Section 2: Expenditure Description

- Business meals, refreshments, recruiting, or entertainment expenses must include the names of the attendees (if less than 10) or the group and number in attendance, a detailed description of the business purpose, and the date(s) of the function. Approval of the next higher authority is required.
- A Dean or higher must approve the expenditure if alcohol is served, or the purpose of the meeting is recruiting or entertainment.

Section 3: Foreign Vendors & the Chartfield

- The foreign section must be filled in and marked NO. Foreign vendors cannot be paid with an LPO; use a Check Request.
- Enter complete chartfield information and amount or percentage to apply to each line. Note that the total cannot exceed $5000.
- Property Accounting is required to approve the payment if the chart field account starts with “61” or if the LPO is greater than $1000. Required chartfields left blank, amounts incorrectly allocated, any lines with accounts 10400 or 10500 or accounts starting with a “3” or “5” will be charged to the default chartfield string. The default will also be charged if AP does not have a copy of the LPO to match with the invoice.
Section 4: Dept. & Payee Information

• Enter department /project name, location, your name and telephone number, and date the order was placed. The invoice must be dated within 6 months.

• If delivery will be made via the Receiving Department, put the ship-to code in the Deliver / Ship to box and forward a copy to the Receiving Department.

Section 5: Item/Purchase Description

• Enter details about items ordered.

• See The Preferred Methods of Procurement Chart for limitations on items that may be purchased.

• Check whether the order was placed by phone and other details as necessary.

Section 6: Authorized Signature

• The “Authorized Signature” must be on a signature card in Accounts Payable and must be either the Principal Investigator, Account executive, Department Chair/Head, dean/director or authorized alternate. This might not be the same signature as described earlier for business meals.

Section 7: Sales Tax Exemption

• The University is exempt from Utah sales and use taxes. Our tax exemption number is printed on the LPOs. The sales tax exemption certificate does not apply to purchases outside of Utah. Note we have recently obtained a new Tax Exempt number.

**Our new tax exempt # is: 1187443-002-STC**
LIMITED PURCHASE CHECKS (LPC)

- How to fill out the LPC Agreement
- Obtaining LPC’s
- How to fill out & use an LPC
The Limited Purchase Check may be used by a department for payments to a human subject up to the limit printed on the face of the check (currently $1000 in most cases).

LPCs are prepared by the ordering department and are delivered (or mailed) to the vendor without preparing a requisition or obtaining approval of the Purchasing Department.

Please refer to the Limited Purchase Check User Guide located on The Accounts Payable Website.

Any further questions regarding LPC’s may be directed to the LPC Administrator at 581-5748 or Accounts Payable 581-6976.
Limited Purchase Checks are highly negotiable and should receive the same security measures as cash.

The checks must be retained in a secure place, out-of-sight in the ordinary course of business, and the checks must not be signed until issued.

If a check is lost or stolen, the department must notify Accounts Payable immediately.

If an LPC fails expenditure review and Accounts Payable has to perform additional tasks to get the documentation into a recordable state, a $12.00 processing fee will be charged to the LPC’s default chartfield.

If an LPC violates the University’s Policies outlined in the User’s Guide, a $12.00 processing fee will be charged.

Persistent improper use of the LPC will result in withdrawal of privileges to use these checks, and may result in disciplinary action for fraudulent use.
Blood donors and study participants

(First payment must include an IRS Form W-9. A subsequent Form W-9 is required if the Human Subject’s name, address or backup withholding status changes.)
The original check stub:

- Goes to the payee/vendor.
- Do not send the bottom stub because it contains sensitive data related to our accounting system. This structure and information is proprietary to the University information systems and is not generally known. If you need to send confirmation material to the vendor it should be in another form.

The Accounts Payable copy:

- A complete copy including a copy of the check should be attached to the study patient reimbursement form and/or original receipt plus all related documentation should be forwarded to Accounts Payable, 145 Park. If the receipt measures less than 8.5 inches by 2.75 inches, kindly tape the receipt to a plain white sheet of paper. (This makes our scanning process much faster.)

The department copy:

- Should be retained by the department.
The LPC Custodian must use the online Positive Pay System to report checks to the bank as they are issued by the department.

A check is considered issued when it has been released to the Payee. (A check that has been prepared, yet remains in the custody of the Custodian is not an issue.)

Positive Pay is covered in the monthly LPC class held by the LPC Administrator in the Park Building and information is also available online via the LPC User’s Guide.
To obtain blank Limited Purchase Checks, you must complete a [Limited Purchase Check Agreement](#) form (available on the Accounts Payable website).

Limited Purchase Checks can be picked up in the Accounts Payable Department. Blank check stock cannot be sent through Campus Mail or USPS mail.

The LPC custodian and an authorized signatory must sign the agreement and be on the Signature Authorization records in both Accounts Payable and Purchasing. The LPC custodian and the authorized signatory can be the same person.

The person who picks up the blank checks must have a valid University photo ID.

Each subsequent request for LPCs must be an original form and include the appropriate original signatures, as well as a check. A check register is also required if a custodian must return all or part of their check stock.

New custodians are required to attend an LPC class which is held monthly in the Park Building. Current users are also welcome to attend. Because space is limited, please register at the [Financial & Business Services](#) website.
Section 1:

• Fill in:
  • Dept. name and phone
  • Campus address
  • Delivery code* (the receiving department uses this code for delivering items they receive with your LPC number on the packaging slip)

Section 2: LPC Custodian

• Fill in:
  • Name and University ID#
  • Phone and Email address

Section 3: Authorized Signatory

• Fill in:
  • Default chartfield
  • Signatory name and signature
  • Email address

Section 4: AP USE ONLY

* Your delivery code can be found on the Employee page in the CIS or you can call Purchasing.
Payment Request (PR)

- Types of expenditures paid on a Payment Request
- How to fill out a Payment Request
A Payment Request may be prepared for any dollar amount.

It is intended for a one time transaction between the University and an outside vendor. Use a Requisition if the agreement includes incremental services or deliverables and the vendor expects installments or more than one payment.

A Payment Request is preferred to pay individuals for services, employee/student refunds, reimbursements and membership dues.

General Accounting must approve all Payment Request over $1,000.

Grants and Contract Accounting must approve Payment Request being paid out of project funds.

The [Preferred Methods of Procurement Chart](#) lists other items which can be purchased with a Payment Request.
### Expenditures Requiring a PR

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants.</td>
<td>A <a href="#">Professional Services Agreement</a> is also required.</td>
</tr>
<tr>
<td>Guest lecturers.</td>
<td>A <a href="#">Guest Lecturer/Performer Agreement</a> is also required.</td>
</tr>
<tr>
<td>Independent contractors.</td>
<td>A <a href="#">Professional Services Agreement</a> is also required.</td>
</tr>
<tr>
<td>Performers (Individual and Group)</td>
<td>A <a href="#">Guest Lecturer/Performer Agreement</a> is also required.</td>
</tr>
<tr>
<td>Honorarium</td>
<td>An honorary payment made on a special and non-routine basis to an individual who is not an employee of the university to recognize outstanding achievement, demonstrate respect or esteem for the individual’s status or position, or to acknowledge the contribution of gratuitous services to the university. It does not include prizes and awards to university personnel. Click <a href="#">here</a> for Honorarium guidelines.</td>
</tr>
</tbody>
</table>

**Please review:**

- [University Regulations Policy 3-111](#) Independent Consultant and Independent Contractor Professional Service Agreements
- [University Regulations Policy 3-062](#) Honorarium Payments

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All Payment Request forms can be found at http://fbs.admin.utah.edu/index.php/accountspayable/forms/onlinecheck/
Section 1: Payment Information

- **Vendor Number**: If known, otherwise leave blank.
- **Invoice Number**: Appears on the back up documentation. Otherwise, enter a unique value if no invoice number is available.
- **Invoice Date**: Date on the invoice or the date this expenditure is approved if no invoice is available.
- **Income Amount**: State the amount of the total invoice.

Section 2: Payee Information

- Fill in the payee’s name and/or business name, and the remit address.
- **Foreign Vendor Box**: Check “Yes” or “No”.
  - If “Yes”, supply country of residence; if “Yes” is checked, the CQ will be sent to Tax Services for approval.
- Select the payment type from the menu.
- Select the payee type from the menu.
- Check the separate payment box if you do not want this payment to be grouped with other payments due at the same time to the vendor.
### Section 4: Purpose Explanation

- A complete explanation is required. Failure to provide a detailed explanation will be returned unpaid.
- Reimbursement request for allowable out-of-pocket business meals must be made within 60 (sixty) days to the event.
- Purpose/explanation should be descriptive, indicate the number of attendees, business purpose of the meeting and the dates, etc.
- The Payment Request must have the documentation required by the type of transaction. All agreements and contract must be included.

### Section 5: Preparer/Contact

- Complete all fields otherwise it will delay the payment process.

### Section 6: Chartfield

- Complete the chartfield columns as necessary. Do not enter a 1099 code.
Section 7: Approvals

- Payee Signature for reimbursements: This is required for all employee/student reimbursements, including a readable print of their name/UID, and email address.
- All Payment Requests must be signed with an original signature and the signatory must be on file in Accounts Payable unless the signatory is a Department Chair or above.
- If alcohol was served, the Dean or higher must also sign for the approval.

Section 8: Approval Signatures

- All Payment Requests must be signed with an original signature and the signatory must be on file in Accounts Payable unless the signatory is a Department Chair or above.
- If alcohol was served, the Dean or higher must also sign for the approval.

Note: A further detailed overview can be found on our website under Expenditure Review - Payment Request.
Accounts Payable can pay only the following travel related expenses on a Payment Request:

- Immunizations
- Passports
- Visas
- Local mileage
- Local conference registrations

For all other travel related expenses, the department must register the trip, obtain a travel number, and submit payment requisition to Travel Department.

See the next slide for a flowchart to submitting travel related payments.
Flowchart: Travel Related Expenses

Option A
Prepare a Check Request for AP.

Option B
Register the trip, obtain a travel #, & submit the payment to Travel Accounting.
A handling fee of $24 must accompany all requests for 'Same Day' checks. This can be paid with cash, an offset against the payable amount, or a Campus Order.

All requests for “same day” checks must be hand delivered to an Accounts Payable supervisor, and will be handled responsibly on a case-by-case basis depending upon available resources.

A handling fee of $12 must accompany all requests for 'Next Day' checks. This can be paid with cash, an offset against the payable amount, or a Campus Order.

Next Day requests received before 1:00 PM:
- The check will be available the following morning of the next business day - provided the Check Request passes expenditure review and all approvals are in order.

Next Day requests received after 1:00 PM:
- We will do our best to process the request & create a check or payment on the next business day. If we cannot, the request will be processed the next business day, and the check or payment will be prepared on the following day.

A payment can be created typically within one business day of receiving the Payment Request.

If needed, Accounts Payable can expedite a payment to a vendor.
Additional AP Resources
Stop Payment Information
Other Accounts Payable Training Available
If a check has been lost, or needs to be replaced or voided, fill out a Stop Payment Form. This way, Accounts Payable has a written record of the void or reissue and a record of the reason for the stop payment.

The Stop Payment Request Form can be found on the AP website.

Fax/Send completed form to AP. Include a valid reason for voiding the check, mark whether the check should be reissued or simply voided. Include the check if possible.

It is also acceptable to mark “VOID”, the reason for the stop, your name and phone number directly on the check and deliver it to AP.
Financial & Business Services offers a wide variety of training classes.

Click here to see all available FBS classes.

Click here for Limited Purchase Check class availability or to register.