

UW-EXTENSION  
BUSINESS SERVICES POLICY AND PROCEDURE DOCUMENT (BSPPD) #1

PROCESSING FINANCIAL TRANSACTIONS

INTRODUCTION

UWEX departments obtain materials/services and process payments in a variety of ways. The internal process for obtaining these goods/services and processing payments varies according to the type of procurement and the vendor involved. Internal policies and procedures are necessary to create consistency in the manner paperwork is processed.

The purpose of this document is to establish internal operating policies and procedures within the regulatory constraints created under Federal, State and UW-System governance and the requirements of the University Shared Financial System.

TYPES OF DOCUMENTS/FORMS

<u>External Requisition</u>	Required in advance when goods/services with a cost greater than \$5000.00 is needed from an external (outside of the University) vendor.
<u>Internal Requisition</u>	May be used when goods/services are needed from another UW institution or UWEX department.
<u>Inter-Institutional Agreement</u>	Required when purchasing on a part-of-load basis, services of faculty/staff that have residence in other UW institutions.
<u>Purchasing Card</u>	Preferred method for obtaining goods and services of up to \$5,000 including freight and tax.
<u>Travel Expense Report</u>	Required to reimburse a University of Wisconsin employee for travel related costs.
<u>Payment to Individual Report</u>	Required to process fee payments and/or reimbursement for travel related costs to a non-employee (excluding interview candidates).
<u>Vendor Invoices</u>	Required from external vendors to initiate a payment. May also be issued by internal vendors (other UW departments)
<u>Group Sponsored Events Form</u>	Required to be attached to invoices involving group meals, refreshment breaks and lodging

PROCEDURES

External Requisitions

An external requisition should be processed to obtain materials/services from an external vendor (not a UW department) with a cost exceeding \$5,000.00. The external requisition must be processed in advance of obtaining materials/services and will most often result in the issuance of a purchase order to the selected vendor.

The requisition must be routed through the appropriate departmental and divisional offices and forwarded to UWEX Accounting Services, 104 Extension Building, in advance of securing the materials/services. The requisition should include:

1. Complete coding
  - a. Fund
  - b. Project/Grant No. (if required)
  - c. Organization (division, department)
  - d. Program
  - e. Account code
2. Complete and accurate description of goods/services being requested.
3. Attachments (if necessary)
  - a. Pricing information
  - b. Agreements/contracts
  - c. Specifications

Accounting Services staff will audit the requisition and forward to the Purchasing Department for the processing of an official Purchase Order. The time required will vary depending on the complexity of the bidding process.

Note: The purchase of postage is an exception to the above procedures requiring an "internal" rather than an "external" requisition. Internal requisitions for postage are used for preparation of a check to the U.S. Post Office.

For additional information see BSPPD #13.

#### Internal Requisitions

An internal requisition may be processed to order services from either another UW institution or UWEX department. Internal requisitions should be routed through Departmental and Divisional offices and forwarded to UWEX Accounting Services, 104 Extension Building. There are many UW service units that have established alternative procedures (i.e., use of a Procurement Card) not requiring the issuance of an internal requisition. Situations involving the purchase of services of a faculty/staff member from another UW institution may require the preparation of an Inter-Institutional Agreement or an overload payment (see BSPPD #10). Internal requisitions should include the same basic information as required with external requisitions.

Accounting Services staff will audit internal requisitions and forward to the internal service department. Internal requisitions will not be encumbered. All payments will be processed as direct charges using the coding string specified on the requisition.

#### Inter-Institutional Agreements

An Inter-Institutional Agreement should be processed when services of a faculty/staff member of another UW institution are purchased on a "part-of-load" basis. If the services are being purchased on an "overload" basis, the faculty/staff member should be payrolled directly by preparation of an Instructional Approval Payroll Form. See BSPPD #10 for additional information.

#### Purchasing Card

The Purchasing Card is the preferred method for obtaining commodities and services from external vendors for costs not exceeding \$5,000 (including freight and tax where applicable). Purchasing cards enable employees to perform their responsibilities more effectively by reducing the time needed to purchase goods and services. The cards can be used for in-store purchases, mail, fax and telephone orders. Internet ordering is limited to secure sites. Cardholders are required to maintain records on all purchases made with the card and to forward this information to Business Services in a timely manner. For additional information see the Business Services Purchasing Card Web site. (<http://www1.uwex.edu/gea/bussvcs/policy/16a.cfm>)

## Travel Expense Report

Employees that travel on University business are responsible for preparing a Travel Expense Report (TER) to obtain reimbursement. Accounting Services staff will audit TERs and mail checks directly to the employee's specified address (employees are encouraged to have checks sent to their business address). TERs lacking required information will be returned to the Divisional Business Office for handling. See BSPPD #7G for instructions and procedures regarding the processing of a Travel Expense Report.

## Payment to Individual Report

The Payment to Individual Report (PIR) is to be used to initiate payments (i.e., fees for services, participant support, rents, royalties, etc.) to individuals who are not UW employees. An individual is defined as "a person who is not a sole proprietorship, partnership, corporation, association, organization, trust or estate, and for which an employer-employee relationship does not exist." Accounting Services staff will audit PIRs and mail checks to payees. Fee payments that exceed \$5,000 require advanced authorization and completion of an Academic Support Services Agreement. See BSPPD #3 and BSPPD #7D for additional information regarding paying for personal services.

## Vendor Invoices

### External Vendor Invoices Involving Official Purchase Orders

External vendors submitting invoices resulting from an official University Purchase Order (PO) are directed by the PO to send the invoice to UWEX Accounting Services, 104 Extension Building. If a UWEX department receives an original invoice, it should be date stamped and sent to Accounting Services expeditiously. This is important to avoid late payment interest charges required under the State Prompt Payment Statutes.

Departmental staffs are notified when invoices are received in Accounting Services through either a "negative" or a "positive" approval process. The "negative" approval process is used for all invoices that do not involve the purchase of capital equipment or a UWEX sponsored event. A copy of negative approval invoices will be sent to departments with an Accounting Services stamp that states the payment will be made in seven (7) calendar days from the date appearing on the stamp. To stop payment, Accounting Services staff (262-6650) should be contacted. Any problems regarding the service or product should be quickly communicated to Accounting Services staff so that a dispute letter can be prepared as required under the Prompt Payment Statute.

The "positive" approval process is used when an invoice involves the purchase of capital equipment or a UWEX sponsored event. Copies of invoices that require positive approval will be sent to the department receiving the goods/services for a departmental signature. Accounting Services staff will not process an invoice for payment until the positive approval invoice is returned.

### External Vendors Invoices Involving Low Dollar Order (LDO) Purchases

Depending on the process used, invoices associated with low dollar purchases (\$5,000 or less including freight) may be received directly by the department receiving the goods/services or sent by the vendor to Accounting Services. If an LDO form is used to order goods/services the vendor is instructed on the LDO form to send invoices to Accounting Services. It is important that a copy of the LDO is sent to Accounting Services to facilitate payment.

At the discretion of the vendor, departments may purchase goods/services (with a cost of \$5,000 or less including freight) without the requirement of a written order. In this situation, departmental staff should obtain the invoice directly from the vendor, approve, code and forward the invoice to Accounting Services.

Invoices received from UWEX Departments

Invoices received from another UW-Extension department should be approved and forwarded to Accounting Services for processing of an internal transfer.

Invoices received from other UW Institutions

Invoices received from another UW institution should be approved and forwarded to Accounting Services. A check will be prepared and sent to the selling institution.

Group Sponsored Events Form

A Group Sponsored Events (GSE) form must be completed and attached to all invoices involving a UWEX sponsored event (conference, workshop, continuing education program, etc.) before invoices can be processed for payment. Invoices received by UWEX Accounting Services involving a sponsored event that does not have a GSE attached, will be returned to the sponsoring department. See BSPPD #7B for instructions and procedures regarding UWEX sponsored events.