

## **DISBURSEMENT PROCESSES**

Millersville University uses the Accounts Payable module of Banner Finance System to process vendor payments. After payroll, payments for goods and/or services represent the second largest disbursement of funds from the University.

### **Purchasing Services**

In general, University departments forward departmentally approved purchase requisitions for goods or services to the Purchasing Office via the on-line access to the purchasing module of BFS. The following types of expenditures are not handled using the on-line requisition system:

1. Storeroom supplies -- For items stocked in the Palmer storeroom, use the Requisition for Supplies Form.
2. Travel - All staff and faculty should submit Reimbursements for mileage, registrations, lodging, meals, air fare, etc. , on a Travel Request/Travel Expense Voucher.
3. Petty Cash - authorized departmental personnel may make Purchases of \$50 or less directly. Receipts are required. See Information circular 89-1 dated 3/9/89.
4. Agency funds - A Check Request form must be submitted to the Purchasing Office to disburse funds from these agency accounts.
5. Work orders -Work to be performed by the Physical Plant Department, (building repairs, remodeling, painting, etc.) should be submitted on a Work Order Request form.
6. Food Service Charges - Orders may be phoned in to Food Services. The Budget Office processes journal entries monthly to charge the ordering department's account.

### **Requisition Approval Process**

#### **Departments**

The department head or his/her designee must approve all requests for goods and services originating within a department. The department head is responsible for ensuring that all requests for goods and services are appropriate and necessary for meeting the needs of the department and overall mission of the University, and that they can be accommodated within the departments budget. Department heads may use flexibility in developing their own internal system for conveying necessary Requisition information from a faculty or staff member to the person responsible for entering the Requisition into the on-line system (an authorized individual with password security). See Exhibit A in the on-line requisitioning manual for a sample form that may be used. After all information needed for the Requisition is input, BFS electronically transmits it to the Purchasing Office.

#### **Computing & Information Technologies**

As an intermediary step, Computing & Information Technologies reviews all Requisitions for computer hardware and software. They handle this step electronically after input by the department. The CIT department reviews Requisitions with respect to functionality in meeting user needs and compatibility with other University systems, and provides advice to the department. The requisitioning department makes any resulting changes to the Requisition.

## **Purchasing Office**

Upon electronic receipt of a Requisition from a department, the Purchasing Office determines the appropriate method for proceeding with the procurement. Items requiring competitive bid are processed as bid quotations and ultimately turned into Purchase Orders. Items requiring legal office review and approval are handled appropriately. The Purchasing Director or a purchasing agent reviews all Requisitions for propriety and will bring any questions to the attention of the department head or appropriate manager. The Purchasing Director is responsible for signing all resulting Purchase Orders. The Associate Vice President for Finance and Administration also signs those orders in excess of \$5,000, and the Vice President for Finance and Administration signs those in excess of \$20,000.

## **Deans, Area Heads, or Vice Presidents**

Deans or other authorities above the department level may require their review and approval of Requisitions. For example, a dean may elect to approve in advance certain types of expenditures such as equipment, or Requisitions, which exceed a certain dollar level. This may be accomplished by having the department submit a request to the dean for signature and return to the department prior to input. Alternatively, a dean or other authority may review Requisitions on an after-the-fact basis by arranging with the Purchasing Office to receive a summary report of transactions.

## **Accounting Office**

As an intermediary step, all Requisitions emanating from grant programs must be reviewed by the Accounting Office to ensure adherence to grant regulations and approved budgets. Any questions regarding such Requisitions will be communicated to the Program Director. The BFS system handles this step electronically after the program office has input the Requisition.

## **Accounting Office Grant Requisition Approval Process**

The accounting office staff is prompted automatically upon accessing any Banner Finance information when there is any requisition awaiting approvals in his/her approval queue. Each staff member is responsible for approving requisitions relating to grants for which they are responsible on a daily basis. This approval process is completed on BFS form FOAUAPP. Approved requisitions are forwarded to the next approver in the approval queue, which usually is the Purchasing office staff.

The Purchasing Office reviews the requisitions, makes the necessary contacts with vendors regarding ordering and shipment of goods and prepares the purchase order, bid, or service purchase contract according to purchasing policies and procedures.

When the department enters the requisition into the Purchasing System, the BFS system encumbers the amount to the appropriate department organization code. Departments may check their budget balances on form FGIBDST prior to entering Requisitions to ensure that adequate funding is available to cover the Requisitions. If there is a shortage for budget funds, consult the appropriate authority as necessary to resolve the shortfall, and contact the Budget Office before they enter requisitions. The on-line system will not complete a requisition if sufficient funds are not available.

Further details regarding the On-line Requisitioning process may be found in the on-line Banner Users' Manual.

All goods received are entered into the Purchasing System. Goods are received through the Receiving Department, located in the Palmer Building, where they are inspected and acknowledged by the Stock Clerk. From there, they are delivered to their destination on campus.

## **Accounts Payable**

Accounts Payable is a function of the Purchasing Office and is under the supervision of the Director of Purchasing.

Accounts Payable receives and enters the invoices into the Purchasing System. Invoices are required to meet certain matching criteria, assigned by the Purchasing Agent, to be paid. Matching criteria consists of three way and two-way matches. A three-way match involves a receiving slip, a purchase order and an invoice. Three way matches apply to all goods received by the Receiving Department. Two-way matches involve a purchase order and an invoice, and pertain to goods that are delivered directly to the department such as magazine subscriptions. When appropriate matching criteria are met in the Purchasing System, a check is generated.

## **Accounts Payable Security**

Access to Accounts Payable update screens is limited to the University's Accounts Payable staff in the Purchasing Office. This security is necessary to prevent unauthorized users from intentional or unintentional requests for payment from the system and enhances the internal control of the disbursement process.

## **Travel Vouchers**

Travel vouchers are submitted to the Travel Clerk in the Purchasing Office where they will be reviewed, audited, and then processed by the Accounts Payable staff. When faculty or staff members receive a travel advance, the reimbursement must be the net amount of the advance check. The travel advance amount must be journal entried to debit the employee's home department and credit the travel advance receivable. When an over advance is made, the employee is required to repay the difference to the University. The repayment will relieve the travel advance receivable and the expense is charged to the employee's departmental account as a travel expense.

Any repayments should be forwarded to the Bursar's Office for deposit upon receipt. The Accounting office reconciles the Travel Advance Receivable as necessary.

## **Check Cycles**

The Accounting office runs the check cycles. The check run date and pay-through dates are important parameters. Other critical parameters include the bank number and the exact first check number in the run. Accounting normally runs check cycles three times a week, on Tuesday, Thursday, and Friday mornings. The check cycle prints the checks for the vendors according to the pay-through date. The check cycle also generates debit entries to accounts payable and credit entries to cash. These transactions are fed to the general ledger through the Accounts Payable Accounting feed process.

## **Check Stock**

The Accounting office staff controls check stock. Checks kept in the vault in the Bursar's Office until needed. A limited supply is kept in a secured area of the Accounting office.

## **Canceled Checks**

Checks prepared before July 1, 1996:

Canceled checks are filed, by check number sequence, in a filing cabinet in the vault in the Bursar's Office.

Checks prepared after July 1, 1996:

On July 1, 1996, CoreStates replaced PNC Bank. CoreStates does not return canceled checks. Copies of cancelled checks may be obtained from the bank if needed.

### **Invoice Filing**

After being audited and stamped PAID, all invoices are filed in the order they appear on the check register in a folder labeled with the check run date in the Purchasing Office. To retrieve an invoice, the date of the check cycle must be determined. The purchasing office maintains invoices in the Purchasing area for approximately three years. After this period they send them to storage for an additional period.

Paid invoices and travel vouchers for grants and contracts are not filed in the Purchasing Office. Instead, the Accounting Department maintains them within the grant or contract program folder to allow for easier access to grant auditors.

### **Check Disbursement Listing**

Check listing may be generated from the system at any time with a brio query.

### **Refund of Expenditures/Credit Memo**

In cases where we have received an invoice, an account payable established, and we have not yet issued the check, the receipt of a credit memo from a vendor will be processed as a credit memo. This transaction will debit accounts payable and credit the expense account entered on the action line. This transaction also updates the vendor file through a negative voucher. When a check is ultimately issued to the vendor the system will take into account the credit memo and pay the vendor the reduced amount.

In situations where we have paid the vendor and subsequently we receive a credit memo, simply process the credit memo transaction in anticipation of future disbursements. Upon payment of future invoices, the credit memo will be taken into account and the vendor paid accordingly.

In situations where we have paid the vendor and then issues a refund check, a prepaid credit memo transaction would be processed. This transaction will debit cash and credit the expense account indicated on the action line. It will also update the vendor file to reflect the adjustment to expenditures.

In situations where we have received a credit memo, a credit memo transaction processed, and subsequently a refund check received, reverse the credit memo entry and process the prepaid memo.

### **Check Auditing**

Regularly scheduled check runs for the University are Tuesday, Thursday, and Friday mornings. When the schedule is interrupted by a holiday, or during heavy input times we may schedule a special check run for another time. The checks are printed in the Accounting office.

Two offices input requests for checks: the Bursar's Office request student refund checks through the Student Receivable System and the Purchasing Office, through the Accounts Payable System.

A check auditor audits checks for accuracy and validity against the backup document before they are distributed.

## Purchasing Office Check Auditing

The purchasing office will provide the back-up documentation. The documentation must be placed in the same order as on the checks register. Following are general guidelines in auditing checks:

1. Emergency loan requests: The student's first and last name and social security number must be the same on the check and documentation, and someone from the Financial Aid Office must sign the request.
2. Travel documents: Make sure the name and social security number of the staff or faculty member is correct and their department head has signed the travel document. If the request is for someone not employed by Millersville University, check the justification to be sure it is a valid expense. If unsure, check with the Accounting Director.
3. Demand requests:
  - a. An appropriate person on campus must have signed a **check request form**.
  - b. An honorarium request form with the appropriate signature must accompany a **service purchase contract**.
  - c. The Budget Director or the Accounting Director must have signed a **payroll advance form**.
  - d. An approved travel request form must accompany a **travel advance request**.
  - e. The appropriate person on campus must have signed a **refund request form**.
4. Vendor orders:
  - a. An appropriate person on campus must have signed a **purchase requisition form**, if any.
  - b. A **purchase requisition number** must be listed on a **purchase order**.
  - c. If the document is an **invoice**, check the remit to address. The invoice should be an original. If it isn't, take it back to the Purchasing Office and have them stamp it, certifying that it is to be used as an original document.
  - d. For a **statement with invoices attached**, match the invoice amounts to the statement to be sure we have included and paid all invoices. Stamp all attached invoices with the auditing stamp.
  - e. If the document is for **payment for an expense where** someone on campus keeps a log such as Petty Cash or UPS charges, add the charges listed on the log to be sure the total agrees with the check amount.
  - f. If the amount on the documentation provided does not match the check amount, check with the Purchasing Office as to why they do not match. They may have given you the wrong documentation.
  - g. If any errors are found in the vendor address on the check, note changes on a "Vendor Information Change Request Sheet" and give a copy to the Purchasing Office.

**Manual Check Auditing.**

Manual checks are processed in the same manner as the regular check cycle.