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INTRODUCTION

The main function of the Accounts Payable Department of the University of Central Arkansas is to make timely and accurate payments to vendors in accordance with the State of Arkansas' regulations. Payments can only be made when all state-required documents have been completed and received by the Accounts Payable Department. This manual's information will serve as basic check processing guidelines for all University departments.

Purchasing Authority

All purchases, rentals, leases and lease/purchases to which UCA is a party are subject to current state regulations. All types of purchases from university accounts are subject to these regulations, and require prior approval of the Purchasing Department. The Purchasing Official is the sole purchasing authority for the university. Purchases not authorized by this authority are not legal obligations of the university. **Any individual making a purchase without first obtaining proper authority is assuming a personal obligation to the vendor for which he/she may be held personally liable.**

Purchasing Requirements

Documentation **must be approved** by the UCA Purchasing Department **prior to any commitment** that would result in the expenditure of funds. Caution should be taken when researching or otherwise inquiring about services or products with any vendor as a simple conversation can sometimes be easily interpreted by a vendor/contractor as an obligation. A requisition must be completed and submitted to the Purchasing Department for approval. The requisition becomes a "Purchase Order" only after the Purchasing Department has approved it. Once approval has been given, a purchase order number will be assigned and the purchase order will be processed.

NOTE: Accounts Payable will compare the date on the invoice to the date of approval on the purchase order. If the date of the invoice is prior to the purchase order approval date (except on prepays), an explanatory "Improper Purchase Authorization" (Mother May I) form will be required.

Requisitions

For proper instructions regarding the completion of the requisition, refer to the current Purchasing Manual or contact the Purchasing Department. If the vendor has two names, please make sure the purchase order is to the vendor that the check is to be written. Banner system requires that the check be made payable to the vendor listed on the purchase order.

The FOAPAL stands for Fund, Organization, Account Code, Program, Activity, and Location. Your index is a short cut for fund, organization, and program. The activity is used by Budget and Purchasing. The location is used by Inventory. Account codes are very important, especially in regard to equipment purchases to ensure that the Inventory Department is aware of the purchase. It is the responsibility of each department to check for the accuracy of all account codes that are placed on the requisition/purchase.

Account Codes

Listed below are some of the most frequently used account codes:

Inventory Account Codes

Non-Capital: \$500.00- \$4,999.99

730205	Non-Capital Equipment& Furniture
730207	Non-Capitalized Computers
730208	Non-Capitalized Printers & Projectors

Capital: \$5,000.00 and above

730200	Capital Equipment & Furniture
730202	Purchase of Vehicle
730203	Computers-Capitalized
730204	Printers and Projectors-Capitalized
730206	Capitalized Software (Operating System)

Note: **Equipment should never be purchased on a standing purchase order.**

Professional Services Account Codes

718100	Professional Services > \$5,000
718125	Professional Services < or = \$5,000
718135	Legal Services
718145	Medical Services
718200	Stipends
718210	Honorarium

Travel Account Codes

717100	- Commodity code 96287 Individual Travel-Official Business
717110	- Commodity code 96288 Student Group Travel
717111	- Commodity code 96281 UCA Student Individual Travel
717115	- Commodity code 96289 Individual-Travel Conference/Convention

Must be used for all conference travel including student groups

717116	- Commodity code 96290 Webinars and On-Campus Seminars
717120	- Commodity code 96286 Recruitment Travel
717121	- Commodity code 96282 Staff Development Travel
717200	- Commodity code 96285 Charter Services
717201	- Commodity code 97113 Rental Cars
717202	- Commodity code 96256 Employee Moving Expenses

Payment Requirements

There are five types of payments which are commonly processed at the University of Central Arkansas:

- Normal Payments
- Prepayments
- Partial Payments
- Payment from Standing Orders
- Final Payments

1. Normal Payments

In order for a payment to be authorized, State regulations require BOTH an original invoice and record of receipt BEFORE a payment is processed. Accounts Payable Department **must** have all the required documentation before a check can be issued.

2. Prepayment

The general rule for payment is to pay only after the merchandise has been received or the service has been rendered. Prepayments may be required for some items including but not limited to postage, association dues, registration fees and subscriptions. **All prepayments except postage require an invoice, order form, or registration form to be forwarded directly to the Purchasing Department for processing. Purchasing will then forward the appropriate documents to the Accounts Payable Department for payment processing.** The receiving process is not required for prepaids.

3. Standing Orders:

Merchandise or services purchased on a regular basis may be purchased from a “Standing” purchase order. Examples: AT&T Mobility, UPS, Lowe’s, Aramark and Conway Trophy. Receiving is not required for Standing Orders. Invoice amounts may be reviewed by accessing the departmental budget in the Banner System.

Due to the frequent errors on the Aramark invoices, the order confirmation or invoice copy must be reviewed for accuracy, signed by the department and sent to Accounts Payable. If the amount billed is not correct, it is the department’s responsibility to contact Aramark and request a correction. When a corrected invoice is received, it should be signed and forwarded to the Accounts Payable Office for payment.

4. Partial Payment:

For payments of partial shipments received, the requestor will receive in Banner the number of items received and the date received. See the Requisition Training Manual for instructions on receiving. **(NOTE: The Requisition Training Manual is only provided when attending the required requisition training.)** You are able to receive numerous times on the same order until all of the order has ultimately been received.

5. Final Payment:

When final shipment of merchandise has been received, the “Final Received’ box must be checked for every line during the receiving process in Banner.

Check Request/Refunds

The term “refund” is normally defined as returning funds to the original owner. You may request a refund by using the check request form found on the Accounts Payable website. The check request form is used only when a purchase order is not required.

A check request may be used for:

- Scholarship refunds
- Overpayments
- Ticket refunds
- Registration refunds for non-credit classes (Outreach and Community Engagement)
- HR may use check requests for GAP and other payroll deductions that are designated for a particular purpose. For example: United Way
- Other refunds where UCA first receipted the funds and is returning funds to the original owner

A check request may NOT be used for:

- Student tuition refunds (Paid through Student Accounts)
- To take the place of a Requisition/Purchase Order

Invoice

An invoice is an official document from the vendor requesting payment for items or services. The State of Arkansas requires an original invoice to be sent directly from the vendor to enable the University to make payments. Invoices should be mailed, faxed or emailed directly from the vendor to Accounts Payable with the exception of the departments that have agreed in writing to take responsibility for obtaining invoices. State requirements will **not** allow payments to be made with a photo copy of an invoice. **NOTE: It is the department’s responsibility to make sure the original invoice has been sent to the Accounts Payable Department.**

The only exceptions not requiring an invoice are payments to USPS (Postmaster) and gift card purchases (see Gift Card section)

The following criteria must be met to constitute a valid invoice:

- Original invoice received from the vendor by mail, fax or email (not a copy or a fax from the department)
- Invoice dated after the purchase order date
 - If the invoice date is before the purchase order date the department must complete an “Improper Purchase Authorization” form stating why state regulations were not followed. The is to be signed by the department’s Vice President and the Vice President of Finance. If Purchasing is aware this occurred before the PO is processed, they will send Accounts Payable an initialed copy of the memo. The

form is not required for subscriptions, maintenance or membership renewals, medical visits, and pre-pays.

- The valid purchase order number
- Vendor's name must match or be associated with the vendor listed on the purchase order
- Vendor's address
- Item description matches the description on the purchase order
- Quantity matches the purchase order amount
- The dollar amount of the invoice must match the purchase order amount within 5% (including shipping, but not tax) or \$25.00 whichever is greater.

A signed performer's contract can be used as an invoice if one is available.

Past due balances can NOT be paid; they must have original invoice.

Itineraries or packing/shipping slips cannot be used as invoices

On rare occasions, a hand typed invoice may be required. These might include fees and honorariums for speakers and performers being paid less than \$5,000.00. Departments creating invoices must use the template on the Accounts Payable website. The invoice should include:

- The purchase order number
- Vendor's name
- Vendor's address
- Vendor's Federal ID number or social security number
- The date of the service
- The dollar amount
- Signature of the person creating the invoice
- Contact information of the person creating the invoice

Taxes

Arkansas vendors are required to charge sales tax on all taxable items. This includes all vendors performing services on campus, even if they do not have a business location in Arkansas.

Currently, vendors without a physical presence in the State of Arkansas are not required to charge sales tax. UCA is NOT tax exempt and is required by law to remit use tax on taxable items or services from out of state vendors not charging sales tax. The current tax rate is .09125.

- State is .065
- City is .02125
- County is .005

UCA is required to pay the full 9.125% on all taxable items but is entitled to a tax rebate on city and county tax for the portion of the invoice that exceeds \$2,500.00. This is due to the city and county tax being capped at \$2,500.00. This rebate may be claimed if the vendor charges the tax on the invoices or if UCA remitted use tax.

For example, an invoice has a taxable item of \$100,000 plus \$9,125 tax for a total of \$109,125 UCA would receive a rebate of \$2,559.37 (see below).

Tax Rebate

AMOUNT	\$100,000.00		
	Capped Tax	Actually Tax paid	Rebate
*Conway City Tax 2.1255% =	\$53.13	\$2,125.00	(\$2,071.87)
*Faulkner County Tax .5% =	\$12.50	\$500.00	(\$487.50)
State of Arkansas Tax 6.5%	\$6,500.00	\$6,500.00	\$0.00
Total tax	\$6,556.63	\$9,125.00	(\$2,559.37)

Items not taxable

Advertising

Insurance

Memberships

Online books or other services that are all online

USPS (Postmaster)

Prescription drugs, insulin and test strips

Registrations

Reimbursements

Royalties

Services not specifically listed in the Arkansas Sales Tax Rules

Shipping only vendors (Example: UPS or FedEx)

Software or software licenses when no tangible items are received (Example: downloaded)

Some Contracts-depending on the terms of the contract.

Stipends/honorariums

Subscriptions

Travel

Receiving

The University incorporates a three-way match. A 3-way match is when the invoice from the vendor is matched against the purchase order before it is posted and a receiving document is also completed. For example:

A purchase order is processed to order 1,000 widgets at \$1 each from Acme Corp. After the 1,000 widgets are delivered, the department receives the items in Banner. When Accounts Payable receives the invoice, the number of widgets listed on the invoice is checked against the number received in the system and the per unit price on the invoice is compared to the price on the purchase order. If the invoice shows 1,000 widgets costing \$1 each for a total of \$1,000, it is matched with the PO and will be entered for payment. Payment will not be processed until the department completes the receiving and both agree. If there are any discrepancies, they must be resolved before the payment can be processed.

Therefore, never:

- complete the receiving portion before the items are actually received
- complete for more than the exact quantity you received
- complete the receiving by looking at an invoice or packing slip unless the document has first been verified that the amounts agree with what was actually received and signed

To receive items on a regular purchase order in Banner go to FPARCVD and follow these steps:

- In the “Receiver Document Code” field type in “NEXT”
- Do “Next Block”
- In the “Receiving Method” field type in “BEST”
- Do “Next Block”
- In the “Packing Slip” field type in the system generated Receiver Document Number.
 - Example : Y0012345
- Bill of Lading can be left blank
- Do “Next Block”
- In the “Purchase Order” field type in your PO#
- Do Options and select one of two options:
 1. Receive All Purchase Order Items
 2. Select Purchase Order Items
- Once you have entered the quantity you have actually received
- Do “Next Block”
- Click “Complete”

For more complete details on receiving, see the Purchasing’s Requisition Training Manual. **Note: The Requisition Training Manual is only provided when attending the required requisition training.)**

Receivers are NOT required on the following:

- Contracts
- Dues
- Memberships
- USPS (Postmaster)
- Prepays

- Registrations
- Reimbursements
- Standing orders
- Subscriptions
- Travel

Special Information:

1. SPECIAL HANDLING NOTICE: Special instructions for the Purchasing Department or for Accounts Payable should be noted in the “Document Text.” Please include who the instructions are for, Accounts Payable or Purchasing. For example, “please call when ready” could mean you need Purchasing to call when the purchase order is ready or you need Accounts Payable to call when check is ready.
2. ARAMARK - Even though ARAMARK is located on the UCA campus, it is independently owned; therefore, a purchase order must be completed and approved prior to expenditure of funds. Accounts Payable requires written approval on all ARAMARK invoices due to the number of errors on the invoices.
3. The “Vendor Name” on a Purchase Order used for postage should ALWAYS be “USPS (POSTMASTER).”
4. An invoice must accompany all payments except for USPS (Postmaster) and gift card purchases (see Gift Card section). This includes payments of honorariums.
5. Accounts Payable check runs are normally processed each Tuesday and Friday.
6. Please DO NOT give permission to have CREDITS applied to invoices because ALL credits need to be processed through the accounting system.
7. DO NOT alter invoices – only original or fax copies from vendors are acceptable.
8. The University of Central Arkansas is **not** tax exempt. If sales tax has not been applied to an invoice, Accounts Payable will assess the tax, charge the applicable department and send the collected tax to the Arkansas DF&A. Please let the vendor know that sales tax should be applied to each taxable purchase.

Prepays

We will define “prepays” as money paid for services upfront. Under GAAP (Generally Accepted Accounting Principles) expenses that will cross the fiscal year must be recorded in the period that they are incurred. The period that the services covers should always listed on the purchase order.

For example, a new computer was purchased on January 1st. A three year warranty for the computer was also purchased on the same day. Only about 1/6 of the warranty cost will be left in the fiscal year that it was purchased. The balance will be moved forward to the appropriate fiscal year.

Listed below are the normal prepaids:

- Advertising
- Annual Access Fee
- Insurance
- License Renewal
- License/Support
- Maintenance
- Membership
- Online Training
- Protection Plan
- Service Contract
- Software License
- Subscription
- Tech Support
- Termite contract

Rule Codes

Rule Codes define the transaction processing and edits that determine how Banner Finance processes financial transactions. Rule Codes are organized in groups that process similar transaction types.

Listed below are the most common finance rule codes:

- CNEI Cancel Check - Invoice w/encumbrance
- CNNC Cancel check - C/M w/o encumbrance
- CNNI Cancel Check - Invoice w/o encumbrance
- CORD Establish Change Order (PO's)
- INEI Invoice with Encumbrance
- INNC Credit Memo without Encumbrance (Invoice)
- INNI Invoice without Encumbrance
- PORD Establish Purchase Order
- RCVD Receiving Stock
- RGJV Regular Journal Voucher
- TAXI Sales Tax on Invoice

Agency

Agency funds are typically used for student organizations on campus. Each organization has its own index number which starts with 81XXXX. When depositing funds, the account code should be 549000 and when expensing funds the account code should be 799100.

When an organization needs to have a new account number assigned, they must complete the APPLICATION FOR AGENCY ACCOUNT form which can be found on the Accounts Payable/Travel website. The application includes instructions on how to fill out the form and to whom the application should be returned. After the account is established an authorization form must be completed and filed in the Agency AP area. The authorization form can also be found on Accounts Payable/Travel website.

- Agency Funds Authorization must have two signatures:
 - Faculty Advisor's signature
 - Organization Treasurer's signature
- Agency Funds Authorization for Residence Halls must have three signatures:
 - Area Coordinator's signature
 - Hall Coordinator's signature
 - Treasurer's signature

Every time the treasurer or advisor changes, a new form will need to be completed and forwarded to the Accounts Payable Office.

To request payments from all agency funds, an "Agency Disbursement Request" must be completed and forward to Accounts Payable. When a completed Agency Disbursement Request is received in AP, the signatures are compared to the authorization on file.

If an agency wants to transfer funds from their account to another UCA account they must complete a Supplies and Services Requisition form. NOTE: The account may be a university or an agency account. The form should include:

- The signature of the agency/department giving the funds
- The index and account code of the agency giving the funds
- The signature of the agency/department receiving the funds
- The index and account number of the agency receiving the funds
- A brief description

Closing Remarks

All of the above procedures must be followed to ensure compliance with State of Arkansas's fiscal regulations and to enable timely payments to be made to vendors. If there are any further questions regarding payment to vendors, contact the Accounts Payable Department. Please refer all purchase order questions to the Purchasing Department.

Accounts Payable Employees

Listed below are the Accounts Payable employees. Staff members have been assigned payment processing duties according to the vendors' name. Please refer your questions to the appropriate individual.

- Felissa Scott, Fiscal Support Specialist
 - A-H
- Alex Brown, Fiscal Support Specialist
 - I-Z
- Josyphine Chen, Fiscal Support Analyst
 - Apple Computers
 - Aramark Food Services
 - Aramark Uniform Services
 - AT&T
 - AT&T Mobility
 - Ben E Keith
 - Centerpoint Energy
 - Conway Corporation
 - Department of Information Systems
 - Fisher Scientific
 - Home Depot
 - Rock Solid Data Mgmt Corp
 - Standard Business Systems (Copiers)
 - US Bank
- Carissa Castleberry, Fiscal Support Supervisor, handles sponsored credit cards and supervises travel.
- Dharmi Patel, Fiscal Support Analyst/Travel, handle the normal TR-1's for travel.

For general questions relating to travel and accounts payable please contact the appropriate person. Contact Pam Giblet, Project Coordinator - Accounts Payable & Travel if you require further assistance.

Please note that JVC and Supplies & Service forms plus questions relating to them should go to Misty Moran or Michelle Burgin in Financial Accounting.