

## Procedures for processing (Entering, Approving and Reviewing) transactions

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**Contact:**

Assistant Dean / Controller

Russell\_Nielson@byu.edu

801-422-6788

5005 LSB

In a continued effort to help train and protect our college employees and safeguard other assets the following best practice procedures for those entering, approving and reviewing transactions have been adopted.

1. **ENTERING INTO THE ACCOUNTING SYSTEMS:** When the cardholders, proxies or associate buyers are entering the purchasing information in the accounting systems, please make sure to:
  - a. Clearly describe the business purpose, which is to include the following:
    - 1) Who is making the purchase and who will be the primary user or custodian of the product or service?
    - 2) A description of what the specific product or service is?
    - 3) The business purpose of why it is needed?
    - 4) If the cost of any non-consumable single item including computers and equipment is greater than or equal to \$1,000.00 and less than \$5,000.00 indicate the location of where it will most likely be stored. This excludes the purchase of services.
  - b. Assign the appropriate Worktag to the transaction, making sure to utilizing the full breadth of the chart of accounts that are available.
  - c. Break out all Utah State sales tax, including city/county tax, and make sure it is accounted for properly. Note that online stores shipping to Utah typically charge Utah sales tax.

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2. **APPROVAL IN ACCOUNTING SYSTEMS:** Prior to the transaction posting in the general ledger the employee who is assigned to approve the transaction is to ensure the following:
  - a. Business Purpose and supporting documentation
    - 1) The transaction description includes answers to the above questions of who, what why and where (if needed).
    - 2) The receipt is valid when the following 5 key elements (from IRS) are indicated:
      - i. Date
      - ii. Vendor name
      - iii. Itemized list of products/services purchased
      - iv. Payment method used (cash, credit card, etc.)
      - v. Amount
    - 3) Verify that all Utah state sales tax is broken out appropriately.
    - 4) Product verification (Optional). If the assigned approver feels he/she is too far removed from the actual purchase and isn't comfortable approving it and would like to have the products verified by another employee who has first-hand knowledge, then with the approval of the Department Chair/Director it is reasonable to:
      - i. Have the products or services verified, regardless of amount, by at least two employees who are familiar with, and who have a first-hand direct knowledge of the items or services being purchased. The employee making the purchase can be one of the verifying employees and the other can be a department chair, faculty, staff, or student.
      - ii. Document this verification by initialing the receipt or if an initial is unavailable, then an email confirmation is acceptable as well. It is also permissible to attach a department generated form with the signatures of the employees.
    - 5) Additional areas of Approver focus when reviewing receipts.
      - i. Mobile Payment transactions: Carefully review the receipts for mobile payment processors such as Square (SQ\*), Paypal Here (PAYPAL\*), QUICKBooks Gopayment (INT\*), Pay anywhere, etc.

University Concern: Someone operating as a small business could potentially fabricate an invoice, and then charge a university credit card, although no products or services were sold to the university in an effort to illegally pull "cash" out of the system.

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- b. Keep in mind the use of Sacred Resources:  
All funding sources at the university are sacred resources and are subject to all university policies and procedures regardless of the funding type. This includes research projects and consolidated fund 4 funding.
- c. Be aware of any potential conflicts of interest. Some common areas of focus are:
  - 1) Personal travel dates (make sure to attach and verify the conference agenda).
  - 2) Verify the conference or trip purpose aligns with the job responsibilities of the employee.
  - 3) While traveling, verify that no expenses are paid for family members traveling without a business purpose.
  - 4) Personal transactions on a university credit card (Note: transactions in excess of 3 in a rolling calendar year are reported on the next compliance report.)

**3. REVIEWING and RECONCILING THE POSTED TRANSACTION:** Once the transaction is posted into the general ledger it is to be reviewed for accuracy by the Department Financial Manager or their designated employee to ensure that:

- a. All transactions, regardless of dollar amount, were posted correctly and that each matches the corresponding source documents, or subsystems, Payroll for example.

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- b. As an option, it is helpful if the department either uses a separate spreadsheet to track transactions to help in the reconciliation process. Below is a non-conclusive list of advantages for this level of tracking and reconciliations:
- 1) Helps to identify transactions that are outstanding as well as those that have been posted even though they may not be authorized by the department.
  - 2) Has the flexibility of changing the transaction description to add greater clarity as more information becomes available, i.e. purchase orders, charges, deposits, etc.
  - 3) Has an increased reporting capabilities to track data to subaccounts, sub operating units and subclasses.
  - 4) Has increased functions to search on memo field, amount, date, and vendor name.
  - 5) Has an inventory system to track cost and sale price on items available for sale.