

Procedures for processing (Entering, Approving and Reviewing) transactions

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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 (Chrome River, Y-Marketplace or Fast Track), 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 chart field (operating unit, account, and subclass) 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. Level 3 review: In Chrome River, if the credit card vendor provides a level 3 detail review of a receipt, make sure to compare the level 3 information with the actual receipt that is provided by the cardholder. Some of the vendors that are required to provide level 3 detail view are Amazon, Home Depot and Target.

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- ii. 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.

- 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 20 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 or a separate accounting system like QuickBooks Pro 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.