

## DEARBORN ADMINISTRATIVE GUIDE

Section: Business and Financial Services  
Subject: Vendor Payments and Other Disbursements  
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Financial Services is pleased to announce the establishment of a "Full-Service Accounts Payable operation" for the Dearborn campus. Effective October 16, 2003, voucher processing of ALL vendor invoices will be done in this department.

What this means for the Dearborn campus: With this authority, Financial Services has control of authorizing payment for all vendor invoices. No longer do we have to send invoices to Ann Arbor to have them audited and authorized for payment. This responsibility will now be performed by Financial Services staff, which provides the ability to issue vendor payment check dates in a very timely manner. This service will reduce unnecessary steps in the payables process and improve our relationship with our vendors. This service is in addition to the other accounts payable services of travel/host expense report auditing, staff/faculty reimbursements (over \$200) and Non-PO voucher processing currently handled by Financial Services.

The full-services accounts payable operation requires some change on campus, as follows:

- Vendors should send invoices to your campus office and then all vendor invoices must be forwarded to Financial Services at 1161 AB. Ann Arbor Accounts Payable will no longer process vendor invoices, thus sending vendor invoices to Ann Arbor will only delay processing. Forward all vendor invoices in a timely fashion to Karen Erridge at 1161 AB. Please clearly indicate the purchase order number and approval to pay with signature on the invoice.
- Because all Non-PO vouchers are processed through Financial Services, M-Pathways users on the Dearborn campus no longer need Non-PO "create" access.

To summarize, Financial Services Accounts Payable offers the following services:

- Purchase Order Vendor payments
- Non-PO payments (vendor and staff/faculty reimbursements)
- Travel/Host expense report audit and payments.

Any questions should be directed to Karen Erridge at 593-5410.

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The disbursement of University funds will be made only in exchange for goods or services which are necessary for the operation of the University and for which fair value has been or will be received as required by contract. Any other disposition of University assets requires Regental approval.

Vendor payments may be made in several ways: (1) by purchase order, (2) by the MasterCard Purchasing credit card or through the Campus Petty Cash system (items under \$200.00 only). Purchasing procedures are described in [Section 507.1](#) of the Standard Practice Guide.

### **Purchase Order Invoice Payments:**

In order for a vendor invoice to be processed through the system, it must contain an itemization of specific goods shipped or services provided. Statements which summarize invoice activity, and do not contain the proper itemization, are not processed for payment. Invoices which do not properly reference a valid U-M Purchase Order number are returned to the vendor for correction.

Incoming invoices are separated into two groups, those under \$10,000 and those that are \$10,000 and over. The former group are referred to as negative approval invoices, which simply means that no signature is required for payment. Those invoices which are \$10,000 and over require an authorized signature before payment can be processed, and are, therefore, referred to as positive approval invoices.

The positive approval invoices are the first to be keyed into the system, since it takes longer to process these from start to finish. The additional step of obtaining an authorized signature can add days or weeks to the cycle time, depending on how quickly the department responds to our request for signature.

Once an invoice reaches the audit step, various items on the invoice are checked against the purchase order on the database. This audit includes matching the items ordered against those being billed, determining whether the estimated cost of the purchase order is enough to cover the amount of the invoice, verifying that the vendor name and remit-to address are correct, and reviewing any special processing instructions that may have been entered on the purchase order. A discrepancy in any of these areas will cause the invoice to fail audit. If everything is correct, the invoice can be passed for payment. If the passed invoice is under \$10,000, a pay date is entered. If the invoice is \$10,000 or over, no pay date is assigned at this step, unless the invoice already contains the signature of an authorized signer on the account being charged. The auditor will assign the pay date closest to 30 days from the invoice date, since the terms at the University of Michigan are

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generally Net 30, meaning the invoice is due 30 days from the date of the invoice. Checks are written and mailed every day.

If the invoice does not pass audit, the auditor assigns a fail code to the invoice. The department is notified of the problem with the invoice, unless the problem is related to the remittance address. All address problems are corrected within the Accounts Payable office.

### **Items That Require Special Handling**

Purchases related to awards and plaques will depend upon their use, as follows:

(1) General Fund monies may be used only if the purchase is for a sanctioned University event or function and (2) discretionary funds (Expendable Restricted, Designated or Auxiliary funds) in all other cases.

Payments that must be paid in a foreign currency should be done on an Invoice Voucher. Foreign currency information from [SPG 501.4-1](#) Section VII.B.2) Converting Foreign Currencies follows:

Expense Reports must be submitted in U.S. Dollars with an explanation and translation of the foreign receipts and their conversions. Use of the P-Card, corporate credit card or other credit card is strongly encouraged when traveling abroad as the charges are automatically converted to U.S. dollars on the billing statement. If a credit card is not used, record the U.S. dollar equivalency on each receipt. Currency exchange rates are available online at the Currency Conversion web site - [www.oanda.com/convert/classic](http://www.oanda.com/convert/classic). Attach documentation to substantiate the currency conversion. Currency exchange rates fluctuate, and travelers must use the currency rates in effect when the travel took place. Therefore, currency exchange receipts should be saved and used for converting foreign currencies back to U.S. dollars on the Expense Report.

The Standard Practice Guide states: "University funds must NOT be used for the following occasions (not intended to be an all-inclusive list):

- Birthdays
- Get Well Greetings
- Births
- Deaths
- Anniversaries
- Secretary's Day

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- Farewell Gatherings (other than retirement)
- Boss' Day

### **Non-Purchase Order Payments:**

If the invoice is \$200.00 or less and time does not allow for a purchase order, a unit may elect to process a [Special Check Request](#) through the Cashier's Office. The unit must specify on the form why a purchase order was not obtained. Hosting costs are limited to \$25.00 or less for an event held on the UM-Dearborn campus.

### **MasterCard Purchasing Credit Card Payments**

A MasterCard with the University logo may be used to purchase items under \$5,000.00 with a monthly spending ceiling of \$5,000.00. The cardholder does not pay the monthly charges. The monthly charges are billed to and paid by the university. The individual card holder is responsible for keeping all receipts and completing a monthly reconciliation. The monthly log must be sent to Ann Arbor by the 5th of the following month accompanied by all receipts. No purchase orders need to be obtained for any of the above purchases. **The use of the card provides timely payment to the vendor.**