



UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN



2009 BUSINESS LEADERSHIP CONFERENCE

P-Card and Accounts Payable
Updates

March 17, 2009

Workshop Presenter(s)

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Please ...

- Turn off cell phones.
- Avoid side conversations.
- Please hold questions until the end of the presentation
- Sign the attendance roster.
- Complete the evaluation at the end of the workshop.

Workshop Objectives

- Explore opportunities for improving voucher submission and settlement processes
- Elevate awareness of key audit issues
- Illustrate areas to monitor for fraud or abuse
- Set expectations for compliance
- Provide update on process and system improvement initiatives

Accounts Payable Topics

- 2008 Audit Findings
- UPAY Facts – Direct Pay Vouchers
- Travel and Expense Reimbursements
- Other Voucher Issues
- Foreign Travel Issues
- Business Meals
- Telecommunication Issues

2008 Audit Findings

- 4 invoices/vouchers recorded in incorrect fiscal year
 - Invoices/vouchers not received in UPAY by year-end cutoff
 - Generally accepted accounting principles (GAAP) require ALL expenses to be booked to the fiscal year in which they were incurred, regardless of the fund that is charged
 - Includes any funds spent against a program or travel advance

UPAY Facts – Direct Pay Vouchers

- University Payables receives an average of 759 direct pay vouchers per day
- An average of 97 vouchers per day are returned to departments for additional information and/or documentation
- Another 40 – 50 vouchers per day require additional contact either by phone or E-mail
- Average UPAY processing time is 5.7 days

Travel and Expense Reimbursements

- # 1 ISSUE: Employee travel reimbursement vouchers and Travel Exception Reports MUST be signed by the traveler AND his/her superior (or authorized delegate)
- # 2 ISSUE: Original receipts or a Missing Receipt Affidavit form MUST be attached to the voucher for all expenditures greater than or equal \$10

Other Voucher Issues

- Voucher must contain a CORRECT Banner Vendor Number
 - “Temp” vendor may be used if voucher is for:
 - Human Subject receiving less than \$100 in a calendar year
 - Refund of money previously paid
 - Non-employee travel reimbursements
- Address on the voucher does not match an address in Banner
- University is exempt from Illinois sales tax – employees should request this exemption on all University purchases

Other Voucher Issues (cont.)

- Mixed funding on voucher (State and “local”)
- No business purpose stated on voucher
 - Who, What, When, Where, and WHY
- Missing Honorarium or Contract for Professional and Artistic Services
 - Honorarium used when payment is not legally or traditionally required (show of appreciation)
 - Must have contract if payment is REQUIRED
 - Forms must contain appropriate signatures
- Reimbursements for purchase of an item costing more than \$250 must be approved by Purchasing

Other Voucher Issues (cont.)

- Employees may not be reimbursed for payment of services – all services must be paid directly to the provider by the University
- Reimbursements to University of Illinois students for travel must be for bona-fide University business purposes and the University is the primary beneficiary of the travel
- Travel support provided to University students to aid in the student's education must be processed as a scholarship and reported on Form 1098-T

Foreign Travel Issues

- Per Diem is the preferred reimbursement method for foreign travel
 - No receipts required for lodging, meals, and incidental expenses
 - Use U.S. Department of State Foreign Per Diem Rates
- Foreign receipts, if submitted, must be translated in English
- Receipts must be converted to U.S. dollars

Business Meals

- IRS regulations require the following substantiation for business meals:
 - Business purpose for the meal must be listed on voucher
 - Names and affiliations of all business meal participants must be presented with the voucher
 - Itemized meal receipt
- Alcohol must be charged to a gift fund or a self-supporting fund when attendees pay a fee to cover the cost of the event, including alcohol

Telecommunication Issues

- The Telecommunication Stipend Pilot Program has been cancelled due to:
 - administrative concerns expressed by some participating units
 - inequality in the interpretation and implementation of the stipends
 - a significant increase in total spend for stipends compared to amounts previously spent
- Transition plan being developed for current stipend recipients
- Current OBFS policy for Telecommunication Services remains in effect (Section 8.13) until new policy is drafted

Purchase Order Payables

- Allow adequate time for vendor set-up prior to the submission of the purchase requisition
- Choose the correct Banner Vendor number and address when completing requisition
- Be careful with the requisition “copy” function – the FOAPAL may have changed
- Vendor must include a correct PO number on invoices and submit directly to the UPAY address listed on the purchase order

Purchase Order Payables (cont.)

- Please respond promptly to UPAY inquiries regarding invoices on hold because of receiving or other issues
- Standard University terms are 30 days. Invoices are not paid until due
- Remember to give a new, valid PO number to vendor for FY10 standing purchase order renewals

P-Card Topics

- Audit Results
- Compliance Issues
- Training Initiative
- OBFS Business Policies & Procedures
- Fraud

FY08 Audit Results

Sample size: 66 transactions

- **41** transactions with conflicting P-Card roles
- **4** transactions auto reconciled
- **5** transactions included sales tax
- **1** transaction was for payment of continuous services
- **1** transaction was for purchases made by someone other than the cardholder

Conflicting Roles

- Cardholder was own Reconciler
- Cardholder was Financial Statement Reconciler (FSR) of own transactions
- FSR was the P-Card Reconciler
- FSR was the P-Card Approver
- FSR was both the P-Card Reconciler and Approver

Action Items

- Elimination of the Financial Statement Reconciler role in the P-Card process
- Separation of roles
 - Cardholder may not be own Reconciler
 - Cardholder may not be own Approver
 - Restrict delegation function
- Mandate training for Reconcilers
- Policy up-date and clarification

Compliance Issues

- Business meal documentation
- Cell phones, Services, and Accessories
- ISP services
- Contracts or Quotes requiring signatures
- Professional & Artistic services
- Insurance & Liability issues

Compliance Issues

- Use of the card for unallowable purchases
- Lack of, unacceptable, or late documentation of purchases
- Failure to reconcile charges
- Sharing of P-Card
- Splitting or stringing transactions
- Segregation of Duties
- Posting to wrong GL account

Fraud

<u>Doc No</u>	<u>Trans Date</u>	<u>Vendor</u>	<u>Trans \$</u>	<u>Cardholder</u>	<u>Description</u>
PCxxxxx4	5/29/2007	OFFICE DEPOT	<u>\$595.33</u>	Cardholder XXX	Summer Supplies
PCxxxxx5	5/29/2007	OFFICE DEPOT	<u>\$401.46</u>	Cardholder XXX	Summer Supplies
PCxxxxx6	5/29/2007	OFFICE DEPOT	<u>\$456.89</u>	Cardholder XXX	Course material

Trans Detail PCxxxxx4

University of Illinois Transaction Detail					
Cardholder: [REDACTED]					
Log No:		Supplier:	OFFICE DEPOT #2351		
Document No:	[REDACTED]	Status:	Sent to Costing System		
Merchant Ref No:	0529235120437				
Billing Date: Jun 24 2007			Upload: Jun 15 2007		
Trans Date: May 29 2007			Reconciled: Jun 11 2007		
Order Complete? Yes			Extracted: Jun 11 2007		
Disputed? No					
Comments OFFICE DEPOT #2351			Total Amount: \$595.33		
			Sales Tax: \$0.00		
Item	Qty	Unit Price	Item Description	Item Amount	FOAP
1	1	\$595.3300	[REDACTED]	\$595.33	*****0000440000*****
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Level III PCxxxxx4

Vendor Description - P-Card Addendum

Close Window

Product Cd	Item Desc	Qty	UOM	Amount	DB/CR	Net Gross	Tax Rate	Tax Type	Tax Amount
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000
0395631	COVER,REPORT,SPK,FROSTED,BLU	00001	NMB	\$6.5900	D	N	0		\$0.0000
0961679	INK,HP 96/97,COMBO,BLACK/COL	00001	NMB	\$58.9900	D	N	0		\$0.0000

Trans Detail PCxxxxx5

University of Illinois Transaction Detail					
Cardholder: [REDACTED]					
Log No:		Supplier:	OFFICE DEPOT #2351		
Document No:	[REDACTED]	Status:	Sent to Costing System		
Merchant Ref No:	0529235120438				
Billing Date: Jun 24 2007		Upload: Jun 15 2007			
Trans Date: May 29 2007		Reconciled: Jun 11 2007			
Order Complete? Yes		Extracted: Jun 11 2007			
Disputed? No					
Comments OFFICE DEPOT #2351			Total Amount: \$401.46		
			Sales Tax: \$0.00		
Item	Qty	Unit Price	Item Description	Item Amount	FOAP
1	1	\$401.4600	Summer Supplies	\$401.46	[REDACTED]
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Level III PCxxxxx5

Vendor Description - P-Card Addendum

Close Window

Product Cd	Item Desc	Qty	UOM	Amount	DB/CR	Net Gross	Tax Rate	Tax Type	Tax Amount
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000
0366701	PROTECTOR,SHEET,SIDE OPEN,25	00006	NMB	\$34.7400	D	N	0		\$0.0000
0416545	BATTERY,ENERGIZER,AA,8/PK	00001	NMB	\$7.3900	D	N	0		\$0.0000
0517304	SHARPENER,PENCIL,CORDLESS,EL	00001	NMB	\$6.4900	D	N	0		\$0.0000
0593332	PAPER,PHOTO,KODAK,8.5X11,50C	00001	NMB	\$34.9900	D	N	0		\$0.0000

Trans Detail PCxxxxx6

University of Illinois Transaction Detail					
Cardholder: [REDACTED]					
Log No:		Supplier:		OFFICE DEPOT #2351	
Document No: [REDACTED]		Status:		Sent to Costing System	
Merchant Ref No:		0529235120439			
Billing Date: Jun 24 2007			Upload: Jun 15 2007		
Trans Date: May 29 2007			Reconciled: Jun 11 2007		
Order Complete? Yes			Extracted: Jun 11 2007		
Disputed? No					
Comments OFFICE DEPOT #2351			Total Amount: \$456.89		
			Sales Tax: \$0.00		
Item	Qty	Unit Price	Item Description	Item Amount	FOAP
1	1	\$456.8900	[REDACTED] Course material	\$456.89	[REDACTED]
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Level III PCxxxxx6

Vendor Description - P-Card Addendum

Close Window

Product Cd	Item Desc	Qty	UOM	Amount	DB/CR	Net Gross	Tax Rate	Tax Type	Tax Amount
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000
0199428	VANILLA VISA \$100	00001	NMB	\$105.9500	D	N	0		\$0.0000
0593332	PAPER_PHOTO,KODAK,8.5X11,50C	00001	NMB	\$34.9900	D	N	0		\$0.0000
0593724	PAPER_PHOTO,KODAK,8.5X11,50P	00001	NMB	\$26.9900	D	N	0		\$0.0000
0952072	COVER_REPORT_FRSTD FRONT,5PK	00001	NMB	\$6.5900	D	N	0		\$0.0000
0961679	INK_HP 96/97,COMBO BLACK/COL	00001	NMB	\$58.9900	D	N	0		\$0.0000

Compliance

- Who is responsible?
 - The Employee
 - The Department/Business Unit
 - The Fiscal Officer
- Resources
 - University Payables
 - Purchasing
 - University Audit
 - University Ethics Officer

New Initiatives

- e-Settlement (approved as FY10 project)
 - Electronic invoicing
 - Automated matching – accuracy of PO information is critical
 - Reduce data entry and labor efforts
 - Electronic payment
 - Card or ACH payments
 - Reduce costs associated with issuance of paper checks
- Travel and Expense Management System (pending approval)

Questions / Concerns?