



INTERNAL CONTROL DOCUMENT

The following **Internal Control Procedure** is used for document/transaction processing by the Financial Services division of the Amherst Campus of the University of Massachusetts. It details the procedures used for State-Appropriated Funds, Grants & Contracts and Non-Appropriated Funds. It further details the interface of the Controller's Office with the Treasurer, Bursar, Budget, OPAM, Property, Procurement and State Comptroller. We are on-line to the University's BuyWays Purchasing System, the University's Financials System (PeopleSoft Financials), and the State's Massachusetts Management Accounting and Reporting System (MMARS).

These internal control procedures provide the overall control structure of the Amherst campus to ensure the reliability of accounting data, promote efficient operations, safeguard assets, prevent and detect the occurrence of errors and ensure compliance with established State, University and campus policies. These procedures provide reasonable assurance that transactions are properly authorized and recorded to permit accurate presentation of information in the financial statements and other reports.

The control procedure is made up of eleven components as follows:

- A. Budget Allotments and Transfer (Budget & President's Office)*
- B. Encumbrance of Funds (Procurement & Controller)*
- C. Non-Payroll Payments*
 - I. State Payments*
 - II. Non-Payroll Disbursements (Controller & Treasurer)*
 - III. Payments made from invoices – On-line Purchase Orders (Controller & Treasurer)*
- D. Payroll (Personnel, Controller & Treasurer)*
- E. Revenue (Bursar & Treasurer's Office)*
- F. Billing & Receivables (Bursar, Student Loans/Campus Receivables & Research Accounting)*
- G. Inventory Control (Controller)*
- H. Journal Entries*
- I. File Management & Reporting (Controller & University Controller)*
- J. Chartfield Establishment*
- K. Audits*

A. BUDGET

The State-Appropriated Fund process starts once the State Budget (GAA) is passed by the Legislature and signed by the Governor. The University of Massachusetts President’s Office then allocates it to the campuses. Revenue is recorded as a monthly allocation in the PeopleSoft Financial System.

Non-Appropriated Fund budgets receive approval from the Board of Trustees and are then entered into PeopleSoft Financials by an automated interface system under the control of the campus Budget Office. Grant and Contract budgets are entered into PeopleSoft Financials by the responsible Grant or Contract Accountant based upon approved documentation received from the Office of Grant and Contract Administration

B. ENCUMBRANCE

I. STATE APPROPRIATED FUNDS

1. MMARS DOCUMENT PROCESSING DELEGATION LIMITS

The Chart below represents current MMARS document processing delegation limits. These limits are calculated based upon the total dollar amount of a MMARS document for its entire duration, including amendments. A department may be able to process the initial MMARS document and several amendments. However, an additional amendment could increase the total value to one that exceeds the delegation limit and triggers secondary review of that amendment.

Delegation Matrix

MMARS DOCUMENT	DELEGATION LIMIT FOR TOTAL DURATION OF DOCUMENT	RESTRICTIONS
MA Master Agreement	no limit	Documents referencing Statewide Contract MAs managed by OSD will process automatically without secondary review.
PC Commodities	\$150,000	Includes Departmental MAs referencing a PC
CT Services	\$500,000	Includes Departmental MAs referencing a CT
RPO Ready/Recurring Services/Leases	\$500,000	Includes Department MA referencing RPO
GAE/INP Incidental Purchases	\$5,000	One-time, non-recurring need

MMARS document processing delegation is limited only to document processing in MMARS and **DOES NOT CHANGE** any underlying procurement or contracting requirements. Even though departments will be able to process MMARS documents without secondary review by CTR/OSD, they are still responsible for procuring and contracting in accordance with applicable state finance and procurement laws, regulations and policies.

Under MMARS the term “commodity” applies to both goods and services. Goods include but are not limited to any articles of trade, items, products, supplies, information technology resources, automated data processing and telecommunication hardware, software, and systems. Services include but are no limited to furnishing of time, labor, effort, specialized skills by a contractor including operational, professional, maintenance, consultant, maintenance and repair, non-professional and human and social services.

A number of factors are considered in procurement and purchasing using State funds. The type of commodity; the MMARS object code classifications, and the total dollar amount of the document can all be factors.

a) MMARS Documents with Total Amount Equal to or Less than Delegation Limit

- (1) Departments are responsible for review and processing of all CT and PC encumbrance transactions equal to or less than the authorized delegation limit. MMARS will automatically process to “FINAL” any CT or PC document equal to or less than the authorized delegated limit.
- (2) When a department electronically submits a document to final status in MMARS, the department head is certifying to the Comptroller that the individual, on behalf of the department head, certifies under the pains and penalties of perjury that any expenditure or other obligation is supported by sufficient available legislatively authorized funds and is in accordance with the department’s enabling legislation and funding authority and that the MMARS document and any underlying supporting documentation are accurate and complete and comply with all applicable general and special laws, regulations and policies including public record intention and disposal requirements.

b) MMARS Documents with Total Amount Exceeding Delegation Limit

- (1) Departments are responsible for review and processing of all CT and PC encumbrance transactions, which exceed the authorized delegation limit. Once the department has fully approved the CT or PC document, MMARS will automatically workflow the document to CTR or OSD (as applicable) for secondary review.
- (2) CTR/OSD will process to “FINAL” all CT and PC encumbrance transactions with an amount greater than the authorized delegation limit. Once a MMARS document is validated and submitted by a department, the document will appear

in a “PENDING” status on the MMARS document catalog and will appear on the workflow list for either CTR or OSD.

- (3) To trigger secondary review, the department must submit the required supporting documentation for that document referencing the relevant MMARS document identification and version to CTR or OSD.
- (4) If CTR or OSD are unable to process a document due to errors, omissions or other compliance issues, the document will be “REJECTED” and the contract packet returned to the department MMARS Liaison with listed errors, omissions or compliance issues. CTR and OSD will not modify MMARS documents with errors or omissions since any MMARS document or supporting documentation changes require department head approval. Therefore, the department will be required to take the necessary steps to correct deficiencies, modify the document in MMARS (if applicable), validate and submit the MMARS document (with electronic or other department head approvals) to workflow, and resubmit the necessary supporting documentation for CTR or OSD secondary review. CTR/OSD may require additional information or clarifications in order to complete secondary review. CTR or OSD will process a document to “FINAL” status once secondary review is completed.

2. STATE FUND REQUISITIONS/PURCHASE ORDERS AND REQUESTS FOR BIDS

Each University State Fund BuyWays requisition, or RFB Requisition, is entered into the BuyWays Purchasing System by the requesting department. The system checks for the availability of funds in the University’s Financials System (PeopleSoft) before the requisition is approved by the requesting department. Once all the necessary approvals have been obtained, the resulting BuyWays purchase order is encumbered in the University’s Financials System.

Budget availability in the MMARS System is checked by the State Fund Accountant in the Controller’s Office before the purchase order is entered into the MMARS System and released to the vendor.

- a) A **Non-Catalog** requisition (a requisition that is entered free-form by the data entry operator), **for less than \$5,000** is entered and approved by the requesting department. Attachments can be added to the requisition if necessary. The requisition then moves to the worklist of the appropriate staff member in the Procurement Department, regardless of dollar amount. They can identify that the purchase requisition is charged to a State appropriated fund by reviewing the fund that is charged (State funds start with a "1"). If the purchase is available on a contract and the contract is not used, the Procurement staff member returns the requisition to the Requisitioner for an explanation as to why it is not being purchased against a contract. Unless an acceptable reason is given, the department is required to utilize the contract.

A staff member in Procurement uses the BuyWays Purchasing System to access and review the requisition for completeness, accuracy, and vendor selections. If all the

purchasing requirements are met, the Procurement staff member approves the requisition, and the resulting purchase order is encumbered in the University's Financials System.

The purchase order moves to the worklist of the State Support Section in the Controller's Office, where MMARS funding availability is verified and the encumbrance is entered in the Commonwealth's MMARS System. Once all the MMARS processing requirements have been met, the purchase order is approved in the State Support Section and transmitted electronically via email or fax to the vendor, together with any applicable attachments, or in a few instances, the purchase order is printed and mailed.

- b) A **Non-Catalog** requisition from **\$5,000.00 to \$25,000** is entered and approved by the requesting department. If the purchase is available from more than one source of supply and is not covered by a State, Campus, MHEC, E&I, or University contract, the department will obtain and attach three written quotations to the requisition to support the purchase.

The requisition moves to the worklist of the appropriate staff member in the Procurement Department for review. If the department chooses not to go with the lowest quote, the department must justify, in writing, their reasons for selecting the higher quote.

If they use a non-catalog contract, they obtain a written quotation from the vendor and attach it to their BuyWays requisition, referencing the Contract ID. If the purchase is Sole Source, the Sole Source Justification form is completed and attached to the BuyWays requisition for Procurement review and approval, together with a quotation from the vendor.

A staff member in Procurement uses the purchasing system to review the requisition for completeness, accuracy, and vendor selection, and insures that all documentation requirements are met. Procurement can identify that the purchase requisition is charged to a State appropriated fund by reviewing the fund that is charged (State funds start with a "1").

If there are issues with the purchase, the staff member adds a comment to the Comments tab of the requisition that explains the problem, and the requisition is either denied (if the Procurement staff member deems the purchase to be inappropriate) or returned to the Requisitioner (if the purchase is appropriate but there might be other processing issues), with an electronic email notification.

Once all the necessary information has been provided to Procurement, the requisition is approved, and the resulting purchase order is auto-encumbered in the University's Financials System. The purchase order moves to the worklist of the State Support Section in the Controller's Office, where MMARS funding availability is verified and the encumbrance is entered in the Commonwealth's MMARS System. Once all the MMARS processing requirements have been met, the purchase order is approved in the

State Support Section and transmitted electronically via email or fax to the vendor, together with any applicable attachments.

- c) **Catalog** requisitions are not done against State Funds because there is no interface between the University's Financials System and the State MMARS System, and electronic vouchers and payments cannot be generated.
- d) **A Request for Bid (RFB)** is required on a non-contract purchase if greater than \$25,000 unless a Sole Source Justification is provided and approved by Procurement. Departments must justify via a Sole Source form why they consider the purchase to be sole source.

The RFB requisition is entered and approved by the requesting department. The requisition moves to the worklist of the appropriate staff member in the Procurement Department. A staff member in Procurement uses the purchasing system to review the RFB for completeness, accuracy, and vendor selections. They can identify that the purchase requisition is charged to a State appropriated fund by viewing the fund that is charged (State funds start with a "1"). If there are issues with the Request for Bid, the Purchasing Staff member returns the requisition to the department for their appropriate action. A comment is added to the Comments tab, explaining why the requisition has been returned and what needs to be done, and the comment is emailed to the Requisitioner. Once the department has made the requested adjustments, the requisition is approved by the department and it moves back to the worklist of the appropriate Procurement staff member.

Once all is in order, the Procurement Staff member who reviews the requisition assigns a bid number to the requisition, enters a comment in the Comments tab, and emails the comment to the State Support Section in the Controller's Office to notify them of the pending purchase. If there are issues with the MMARS funding, the purchase is delayed.

The RFB document is posted on the University Procurement web site for access by any vendor who wishes to submit a bid. On select RFB's vendors are also solicited directly to insure a sufficient pool of responses are received.

Once the bids have been accepted and opened by the Procurement Department they are transmitted electronically, when possible, to the requesting department for review. The bid requisition also is returned to the requesting department. The requesting department reviews the bids and updates the requisition to reflect the vendor to whom they wish to make the award, and pricing and descriptions are edited to reflect the vendor's bid. The department's written recommendation for award is attached to the requisition and the requisition is submitted to workflow and approved by the department. The requisition appears on the worklist of the appropriate Procurement staff member for review. If there are issues with the award recommendation the requisition is held up by Procurement until the issues have been resolved.

When all is in order, the requisition is approved by Procurement, and the resulting purchase order is auto-encumbered in the University's Financials System. The purchase

order moves to the worklist of the State Support Section in the Controller’s Office, where MMARS funding availability is verified and the encumbrance is entered in the Commonwealth’s MMARS System. Once all the MMARS processing requirements have been met, the purchase order is approved in the State Support Section and transmitted electronically via email or fax to the vendor, together with any applicable attachments, or in a few instances, the purchase order is printed and mailed. Copies of the bid files are maintained in the Procurement Department.

3. CHANGES TO STATE POS:

Once a requisition becomes a purchase order, it is unavailable to the requesting department to make changes. A Request to make a change to a state fund purchase order is processed by the requesting department in the BuyWays purchasing system using the Change Request Requisition form. Change Request Requisitions are approved by the requesting department and move to the worklist of the appropriate accountant in the State Support Section of the Controller’s Office for their review and verification of funding availability. Once all the MMARS information has been verified, the accountant approves the Change Request requisition, and it moves to the worklist of the appropriate Procurement staff member. They can identify that the purchase requisition is charged to a State appropriated fund by reviewing the fund that is charged (State funds start with a "1").

The Procurement staff member reviews the Change Request. If there are issues with the requested change the staff member adds a comment to the Comments tab of the requisition that explains the problem, and the Change Request is either rejected (if the Procurement staff member deems the change to be inappropriate) or returned to the Requisitioner (if the change is appropriate but there might be other processing issues), with an electronic email notification.

In the case of a returned requisition, once Procurement has deemed that all is in order, the changes are made to the purchase order, the Change Request Requisition number is documented on the purchase order in the Comments tab, which is then emailed to the State Support Section in the Controller’s Office for data entry into the MMARS System. The Change Request requisition then is approved by the Procurement staff member. The requisition, together with any required documentation, remains in the BuyWays System in an approved status and is available for audit purposes. A copy of the revised purchase order can be automatically emailed or faxed to the vendor, at the discretion of the Procurement staff member.

4. CONTRACT ENCUMBRANCES CONSIDERED “COMMODITY-BASED ENCUMBRANCES”

The contract related MMARS documents are considered “Commodity-based” documents and are the only MMARS documents with a “commodity” line. These documents require a commodity code. The encumbrance documents include:

- **RQS (Standard Requisition)** - a pre-encumbrance for the CT, RPO and PC, which can be used to reserve funds prior to encumbering.

- **CT (Contract)** – encumbrance for contracts for services, leases that are less than 6 months and construction.
- **PC (Commodity Purchase Order)** – encumbrance for contracts for commodities that are “goods”.
- **RPO (Recurring Payment Order)** – encumbrance for recurring payments. The RPO is required for all space leases (Object Code G01), all TELP object codes (L01-L13), all operating and capital leases longer than 6 months (L21-L33), ready payments, maintenance contracts and other contracts with scheduled payments.

5. **NON-COMMODITY BASED ENCUMBRANCES**

Non-commodity based encumbrance reserves funds for incidental purchases and other expenditures that do not require a procurement and contract.

The encumbrance documents include:

- **GAP (General Accounting Pre-Encumbrance)** – encumbrance to reserve funds prior to encumbering a GAE, with the exception of incidental purchase object codes.
- **GAE (General Accounting Encumbrance)** – encumbrance for obligations not requiring a procurement and contract, including incidental purchases.

6. **VENDOR CUSTOMER ADDITIONS OR CHANGES**

The VCC Document in MMARS stands for Vendor Customer Create. Vendors and Customers are all located in one table (VCUST), and are entered into the system using the same document, the VCC. This Document records the addition of a Vendor to the Commonwealth database of Vendors. A Vendor is an entity from which goods or services have been purchased. All VCC Documents must be approved by the Office of the Comptroller prior to the Vendor being available for use on Encumbrance or Payment documents. The VCM document is used to make corrections and changes to the existing vendor/customer record.

- a) If the vendor is not listed on the file, the respective order is not approved by the State Support Section, and the State Support Section must obtain an original W-9 form, Terms and Conditions (T&C) if applicable, and EFT information from the vendor. A D-U-N-S number for Federal Grant vendors receiving ARRA funds is required.
- b) When the Vendor Information is received, the State Support Section in the Controller’s Office enters into MMARS. The original documents are then submitted to the Comptroller’s Office for approval. The document will be marked for “PENDING approval only”.
- c) The Vendor File Maintainer checks the MMARS system daily to track the status.

- d) When the new vendor code appears in MMARS as “FINAL”, the corresponding form is then released to the Controller’s Office for processing.

7. ELECTRONIC RECEIPTS

Electronic receipts are entered into the BuyWays Purchasing System by authorized individuals in the respective ordering departments to verify receipt of goods if the commodity assigned to the order requires it, or if the department requests it at the time the requisition is entered into BuyWays.

II. NON-APPROPRIATED FUNDS - ENTERED IN THE BUYWAYS PURCHASING SYSTEM:

Departments enter a non-catalog requisition (a requisition that is entered free-form by the data entry operator), a Catalog Requisition (a requisition where the data entry operator creates a requisition, punches out from the requisition to a Catalog vendor’s website, selects hard coded items from the vendor’s catalog that contains UMass contract pricing, and then draws the item(s) back into the BuyWays requisition), or a Request for Bid Requisition, in the BuyWays Purchasing System.

1. NON-APPROPRIATED FUND NON-CATALOG REQUISITION, A CATALOG REQUISITION, OR A REQUEST FOR BID (RFB) REQUISITION:

Each University Non-Appropriated Fund BuyWays requisition, or RFB Requisition, is entered into the BuyWays Purchasing System by the requesting department. Funding availability is checked by the system at the time the requisition is submitted to workflow and again at the time the resulting purchase order is transmitted to the University’s Financials System for encumbrance.

Requisitions that fail the budget verification step are auto-returned to the Draft Requisitions folder of the Requisitioner, with a system-generated email notification. The Requisitioner contacts the appropriate accountant in the Controller’s Office for authorization to do a budget override. Once the authorization has been received, the Requisitioner does a budget override to the requisition prior to submitting the requisition to workflow. A requisition that fails budget verification against a grant account also requires the review and electronic approval of a grant accountant in the Controller’s Office.

If the failed budget on the resulting version of the BuyWays purchase order that is in the University Financials System requires an adjustment, it is done by the appropriate accountant in the Controller’s Office. The Controller’s Office runs a report daily to identify purchase orders that have failed budget checking so that the necessary adjustments can be made.

- a) A **Non-Catalog** requisition for **less than \$5,000** is entered and approved by the requesting department. Attachments can be added to the requisition. The requisition moves to the

worklist of the appropriate departmental staff member. In most instances, the requisition will go to a status of approved with only departmental approval and is eligible to become a BuyWays purchase order, which is immediately electronically transmitted via email or fax to the vendor and is sent to the University's Financials System for encumbrance, or in a few instances, the purchase order is printed and mailed. The prior review/approval of Procurement is not required. Requisitions charged to Special Commodities require additional approval, regardless of dollar amount, in most cases, and are automatically moved to the worklist of the assigned Commodity Approver for review and approval.

Statistical samplings of requisitions that do not require Procurement approval are reviewed on a post audit basis.

- b) A **Non-Catalog** requisition from **\$5,000.00 to \$25,000** is entered and approved by the requesting department. If the purchase is available from more than one source of supply and is not covered by a State, Campus, MHEC, E&I, or University contract, the department will obtain and attach three written quotations to their BuyWays requisition to support the purchase.

The requisition moves to the worklist of the appropriate staff member in the Procurement Department for review. If the department chooses not to go with the lowest quote, the department must justify, in writing, their reasons for selecting the higher quote and attach it to the requisition with the quotes.

If the purchase is covered by contract, a written quotation from the vendor is attached to the requisition for the review and approval of Procurement. If the purchase is Sole Source, the Sole Source Justification form is completed and attached to the BuyWays requisition together with a quotation from the vendor, for the review and approval of Procurement.

A staff member in Procurement uses the purchasing system to review the requisition for completeness, accuracy, and vendor selection, and insures that all documentation requirements are met. If there are issues with the requisition, the staff member adds a comment to the Comments tab of the requisition that explains the problem, and the requisition is either rejected (if the Procurement staff member deems the requisition to be inappropriate) or returned to the Requisitioner (if the requisition is appropriate but there might be other processing issues), with an electronic email notification.

In the case of a returned requisition, once Procurement has deemed that all is in order, the requisition is approved, and the resulting BuyWays purchase order is immediately electronically transmitted via email or fax to the vendor, or, in a few instances, printed and mailed, together with any applicable attachments, and then it is encumbered in the University's Financials System.

- c) A **Catalog requisition** for **less than \$10,000** is entered by the requesting department (Shopper or Requisitioner).
 - (1) Catalog Requisition totals less than \$2,500:
 - (a) Requires the review of the Requisitioner but no departmental approval if charged to non-appropriated funds.

- (b) Requires the review of the Requisitioner and departmental approval if charged to a grant budget.
- (2) Catalog Requisition totals \$2,500-\$9,999.99:
 - (a) Requires the review of the Requisitioner and departmental approval.
- (3) In most instances, the prior review/approval of Procurement is not required because all Catalog purchases are covered by contract and contain hard coded contract pricing. Requisitions charged to Special Commodities require Commodity approval, regardless of dollar amount in most cases.

Catalog Requisitions are transmitted to the vendor via CXML.

A statistical sampling of Catalog Requisitions that do not require department and/or Procurement approval is reviewed on a post audit basis.

- d) A **Catalog requisition** for **\$10,000 or more** is entered and approved by the requesting department. The requisition moves to the worklist of the appropriate staff member in the Procurement Department. If there are issues with the funding or account code, the requisition is returned to the Requisitioner pending budgetary adjustment by the requesting department. Once all the necessary information has been provided to Procurement, the requisition is approved, and the resulting purchase order is immediately electronically transmitted via CXML to the vendor.
- e) **An RFB** requisition is required for a non-contract purchase if greater than \$25,000 unless a Sole Source Justification is provided. The Sole Source Justification must clearly state why the vendor is considered to be sole source for the product/service. The Sole Source Justification is attached to the BuyWays requisition by the department and is subject to approval by the Procurement Department.

The RFB requisition is entered and approved by the requesting department. The requisition moves to the worklist of the appropriate staff member in the Procurement Department. A staff member in Procurement uses the purchasing system to review the RFB for completeness, accuracy, and vendor selections. If there are issues with the Request for Bid, the Purchasing Staff member returns the requisition to the department for their appropriate action. A comment is added to the Comments tab, explaining why the requisition has been returned and what needs to be done, and the comment is emailed to the Requisitioner. Once the department has made the requested adjustments, the requisition is approved by the department and it moves back to the worklist of the appropriate Procurement staff member.

Once all is in order, the Procurement Staff member who reviews the requisition assigns a bid number to the requisition. The RFB document is posted on the University Procurement web site for access by any vendor who wishes to submit a bid. On select RFB's vendors are also solicited directly to insure a sufficient pool of responses are received.

Once the RFB goes through the bidding/advertising process the bids are publicly opened and reviewed by Procurement. Once bids have been accepted and opened by the Procurement Department they are sent to the requesting department electronically, when

possible, for review. The bid requisition also is returned to the requesting department. The requesting department reviews the bids and updates the requisition to reflect the vendor to whom they wish to make the award, and pricing and descriptions are edited to reflect the vendor's bid. The department's written recommendation for award is attached to the requisition and the requisition is submitted to workflow and approved by the department. The requisition appears on the worklist of the appropriate Procurement staff member for review. If there are issues with the award recommendation the requisition is held up by Procurement until the issues have been resolved.

When all is in order, Procurement approves the requisition, and it becomes a BuyWays purchase order. The purchase order is immediately electronically transmitted to the vendor by email or fax, together with any applicable attachments, or, in a few instances, printed and mailed, and then it is encumbered in the University's Financials System. Copies of the bid files are maintained in the Procurement Department.

2. CHANGES TO A NON-APPROPRIATED FUND PO:

Once a requisition becomes a purchase order, it is unavailable to the requesting department to make changes. A request to make a change to a purchase order, together with any written attachments, is processed by the requesting department in the BuyWays purchasing system using the Change Request Requisition form. Change Requests Requisitions are approved by the requesting department and move to the worklist of the appropriate staff member in Procurement.

The Procurement staff member reviews the Change Request. If there are issues with the requested change, the staff member adds a comment to the Comments tab of the requisition that explains the problem, and the Change Request is either denied (if the Procurement staff member deems the change to be inappropriate) or returned to the Requisitioner (if the change is appropriate but there might be other processing issues), with an electronic email notification.

In the case of a returned requisition, the changes are made to the purchase order by the Procurement staff member when all the processing requirements have been met. The Change Request Requisition number is documented on the purchase order, and the Change Request requisition is approved by Procurement. The changes to the BuyWays purchase order carry over to the University's Financials System and a copy can be automatically emailed, faxed, or printed and mailed, to the vendor, at the discretion of the Procurement staff member. The Change Request requisition remains in the system in an approved status, together with any applicable attachments, and is available for audit purposes.

3. ELECTRONIC RECEIPTS:

Electronic receipts are entered into the BuyWays Purchasing System by authorized individuals in the respective ordering departments to verify receipt of goods if the commodity assigned to the order requires it, or if the department has requested it at the time they entered their requisition.

4. CONFIRMING ORDERS - State and Non-Appropriated Accounts

a) State Funds

Confirming purchase orders are not allowed on State appropriated funds until the encumbrance is in a DONE status in MMARS.

b) Non-Appropriated Funds

Departments are not authorized to release a PO number to a vendor until the PO has been transmitted to the vendor. Compliance with this policy is checked on a post audit basis.

III. LABOR & MATERIALS CONTRACTING - State and Non-Appropriated

All projects involving construction and renovation contracts for public buildings and public works must be submitted through the Physical Plant Division or Facilities & Campus Planning Division for review of design/engineering, specifications, and adherence to applicable statute. Any project estimated to cost \$25,000 or more shall be awarded to the lowest reasonable and responsible bidder on the basis of competitive bids obtained and publicly opened by the Procurement Department in accordance with the procedure set forth in the provisions of Massachusetts General Laws, Chapter 30, Section 39M as amended and Chapter 149, Sections 44A-44J inclusive, or Trustee Policy T92-031.

Procedural steps involved in Labor and Materials contracting are a factor of the dollar estimate of the project as determined by the Physical Plant Division or Facilities Planning Division and the following applies to both State funded and Non-Appropriated funded projects:

1. Projects estimated at less than \$10,000 (Apply to both c30-39M & c149 projects)

All projects under \$10,000 must be processed through the Physical Plant Department. They will coordinate the process and solicit three written quotes. There are no advertising requirements at this level. There is a requirement that the vendor supply a 50% Payment Bond on any project that exceeds \$2,000. The Prevailing Wage Laws must be adhered to.

The project is awarded to the vendor that meets all requirements and submits the lowest price.

2. Projects estimated at greater than \$10,000 but less than \$25,000: Applies to c149 projects only)

- a) The Physical Plant Division or Facilities Planning Division advertises the project once in the Central Register (published by the Office of the Massachusetts Secretary of State), once in the local newspaper at least two weeks before the bid opening date and is posted on the Procurement bulletin board at least two weeks before the bid opening date. Notice will also be placed on the Procurement Department web site at least one week before the bids are opened.
- b) Physical Plant Division or Facilities & Campus Planning Division specifications must include a requirement for a 50% Payment Bond applicable to the successful bidder. The Prevailing Wage Laws must be adhered to.
- c) The Physical Plant Division or Facilities & Campus Planning Division obtains a minimum of three written price quotes. The project is awarded to the vendor that meets all requirements and submits the lowest price.

3. Projects estimated at greater than \$10,000 – Applies to c30-39M projects only

- a) The Physical Plant Division or Facilities Planning Division advertises the project once in the Central Register (published by the Office of the Massachusetts Secretary of State), once in the local newspaper at least two weeks before the bid opening date and is posted on the Procurement bulletin board at least two weeks before the bid opening date. Notice will also be placed on the Procurement Department web site at least one week before the bids are opened.
- b) Physical Plant Division or Facilities & Campus Planning Division specifications must include a requirement for a 50% Payment Bond applicable to the successful bidder. The Prevailing Wage Laws must be adhered to. A 5% Bid Deposit is also required on c30-39M projects.
- c) Awarded vendor must supply proof that their workers have obtained OSHA 10 training prior to starting work on the project.
- d) The Physical Plant Division or Facilities & Campus Planning Division obtains a minimum of three written sealed bids. The project is awarded to the vendor that meets all requirements and submits the lowest cost.

4. Project estimated from \$25,000 to \$100,000: Applies to c149 projects only

- a) The Physical Plant Division or Facilities Planning Division advertises the project once in the Central Register (published by the Office of the Massachusetts Secretary of State), once in the local newspaper at least two weeks before the bid opening date and is posted on the Procurement bulletin board at least two weeks before the bid opening date. Notice will also be placed on the Procurement Department web site at least one week before the bids are opened.
- b) Physical Plant Division or Facilities & Campus Planning Division specifications must include a requirement for a 50% Payment Bond applicable to the successful bidder. The Prevailing Wage Laws must be adhered to. A 5% Bid Deposit is also required.

- c) Awarded vendor must supply proof that their workers have obtained OSHA 10 training prior to starting work on the project.
- d) The Physical Plant Division or Facilities & Campus Planning Division obtains a minimum of three written sealed bids. The project is awarded to the vendor that meets all requirements and submits the lowest price.

5. Project estimated over \$100,000 : Applies to c149 projects only

- a) The Physical Plant Division or Facilities Planning Division advertises the project once in the Central Register (published by the Office of the Massachusetts Secretary of State), once in the local newspaper at least two weeks before the bid opening date and is posted on the Procurement bulletin board at least two weeks before the bid opening date. Notice will also be placed on the Procurement Department web site at least one week before the bids are opened. If sub-bids are required the advertisement must appear in the Central Register and the local newspaper at least once, not less than two weeks prior to the date of the opening of filed sub-bids, and not less than three weeks prior to the date of the opening of general bids. Sub-bid openings must be scheduled at least one week before general bids are scheduled to be opened.
- b) Physical Plant Division or Facilities & Campus Planning Division specifications must include a requirement for a 100% Payment Bond applicable to the successful bidder. The Prevailing Wage Laws must be adhered to. A 100% Performance Bond and a 5% Bid Deposit is also required.
- c) Awarded vendor must supply proof that their workers have obtained OSHA 10 training prior to starting work on the project.
- d) Filed sub-bids must be obtained for any sub-bid category that equals or exceeds \$20,000.
- e) The Physical Plant Division or Facilities & Campus Planning Division obtains a minimum of three written sealed bids. The project is awarded to the vendor that meets all requirements and submits the lowest price.

The \$100,000 estimate level for Labor and Materials Contracts represents the transition point from short form contract to long form contract format for both c30-39M and c149 projects. In addition to the procedures required in Subsection 1 above, the following applies:

- a) For Chapter 149 projects only, the Physical Plant/Facilities Planning Division must determine the level of project control and oversight applicable to the Division of Capital Asset Management (DCAM), the filed sub-bid requirements of the proposed project, and the level of Minority-Owned Business (MBE) and Woman-Owned Business (WBE) participation required in the project. They must then produce a project specification in the appropriate format.
- b) For Chapter 149 projects only, award may be made only to contractors who submit a current Certificate of Eligibility as issued by the Division of Capital Asset Management (DCAM, formerly Division of Capital Planning and Operations).

- c) Use of the long form Labor and Materials Contract precludes the necessity for a letter of agreement signed by both parties. Once executed by the successful bidder, the long form contract document is signed by the President of the University or his designee. Presently, that signature authority is delegated to the Vice Chancellor for Administration & Finance.
- d) Long form contracts issued against State Appropriated Funds ONLY, require one additional approval step prior to being fully executed. In the case of State Funded projects, the three original contract documents, once executed by the Contractor and the University, must be forwarded to the University's Office of the General Counsel for approval as to form.
- e) A fully executed, original copy of the long form Labor and Materials Contract is attached to the Comptroller's copy of the Service Contract (SC) Form or Construction Contract (CC) Form for State Funded projects and forwarded to the State Comptroller's Office. The State Comptroller's Office is also sent a copy of the ads, the list of plan holders, the synopsis of bids, and the transmittal letter.

Upon award of Labor and Materials Contracts, the Purchase Order is processed in the same way as an RFB Purchase Order. If the source of funds is a State Appropriation, the Procurement Department will forward the Purchase Order to the Controller's Office in accordance with the procedures outlined under Section I 1. in this document - *State Fund Requisitions/Purchase Orders and Requests for Bids*. When Non-Appropriated Funds are utilized, the Procurement Department will process a Non-Appropriated Fund University Purchase Order (PO) in accordance with Section II.1 in this document - *Non-Appropriated Fund eProcurement Description Only Requisitions, eProcurement Marketplace Requisitions, or Requests for Bid (RFB) Requisitions*, as may be appropriate.

IV. PROCUREMENT CREDIT CARD (PROCARD) - NON-APPROPRIATED

FUNDS ONLY—rolled out on the Amherst Campus in 1996, the program currently has approximately 2,050 cards in place. Details are contained in the Procard User Guide, which is available at the Procurement web site.

The Procard enables authorized University employees to make and charge University purchases of approved commodities and select services against a major credit card, which works in a manner similar to a personal credit card, except liability is with, and payment is made by, the University.

The following flow outlines how the Procard Program is managed:

1. A University employee needs to complete the mandatory Procard training to learn the policies and procedures for obtaining and using the card, and to determine whether s/he wishes to accept the responsibility that goes with card use. This training is now available through an online training module and training progress is monitored by the Procard and Travel Card Program Manager.

- a) The employee is provided a link to the Procard Quick Reference Tool, which contains access to the Procard User Guide, found on the Procurement website with all policies, procedures, and forms for card use.
2. The employee completes a Procard Application form, which is signed by the cardholder, the administrator of the account assigned to the card, and the department head (if the cardholder is also the account administrator).
 - a) Certain restrictions are built into the card that can be made unique to each cardholder (# of transactions allowed per day and per month, single purchase limit {up to \$1,000 allowed}, spending limit per month).
3. The form is submitted to the Procard and Travel Card Program Manager in the Procurement Department, who is responsible for overseeing the Procard Program.
4. The Procard Program Staff verify that the information furnished by the card applicant is accurate, complete, and within established parameters for use of the card.
5. The Procard Program Staff add the card applicant to the Procard data base, order the card through the bank, update the card data in PeopleSoft and prepare the card delivery documents.
6. The Procard Manager receives the credit card for the employee in approximately 3-5 business days.
 - a) The Procard Program Staff inform the employee that the card has come in and has the card applicant come in to the Procurement Department to review procedures, sign the Cardholder Agreement form, and receive the card. A photo identification is required. Most new cardholders receive their card soon after they complete the Procard training.
 - b) Every new cardholder receives an initial audit. This is to insure that the cardholder and record manager have a good understanding of Procard policy and procedures. Follow up audits may be initiated when certain instances of non-compliance are noted.
7. The cardholder uses the card. Each month for which there is activity, the cardholder receives an email alert from the bank advising that a statement is available. The cardholder is required to download and print available statements from the bank web site.
 - a) The cardholder reconciles the statement against the documentation that the cardholder must obtain/maintain as proof of purchase.
 - b) The cardholder turns the reconciled statement and documentation in to his/her Records Manager prior to issuance by the bank of the next statement.
 - (1) The Records Manager maintains the statements in accordance with established Record Keeping policy.
8. Charges against the Procard are fed by the vendor(s) to the bank and paid within 48 hours.

- a) Procard charges are processed to the General Ledger based on a nightly interface of Procard activity from the bank. A database is maintained of default chartfields associated with each Procard and used to process the expenses to the department.
 - b) The bank invoices the University monthly for Procard charges. An electronic data funds transfer is authorized by the Treasurer to pay card charges.
 - c) Authorized individuals within the cardholder's department may go into PeopleSoft Financials and reallocate charges from the default card account to other accounts within their domain via on-line journal entry screens for up to 30 days after the charge appears in PeopleSoft Financials. If reallocating to a restricted grant, the charge must be allowable for that grant.
9. The Post Audit Team runs queries against the card accounts to track activity against the cards and to detect possible violations to policy.
- a) Post Audit Team audits a monthly statement of each new cardholder against the Post Audit Checklist. Thereafter, Post Audit will perform oversight based on a statistical sampling of cardholder monthly statements and audits targeted for higher risk activity.
 - b) Instances of non-compliance with Procard policy are noted by the Post Audit team. An email is sent to the cardholder and record manager explaining any noted instances of non-compliance along with a request for additional work to be done in order to satisfy the audit requirements. The Procard explanation/justification form (PEJA) is used for most instances of non-compliance for cardholders to acknowledge policy and to justify/explain.
10. The Post Audit team working in conjunction with the Audit and Grants Compliance Manager and Controller to take action against a cardholders Procard(s) based on non-response, continued non-compliance/misuse of the card. Typically, the cardholders have a temporary credit limit decrease (freeze) until compliance issues are resolved. In some instances, cancellation of the cardholder's card(s) is necessary.

C. NON-PAYROLL PAYMENTS

The payment process is divided between State Treasurer disbursements and University Treasurer payments made from Disbursement Vouchers and also Payroll Payments.

- I. State Payments** – Payment Request documents are initiated by the vendors' invoice for payment and can be for commodity or non-commodity based payment documents determined by the encumbrance document types:
- **PRC (Payment Request Document)** – the payment document for the CT, PC and RPO (manual payment).
 - **PRM (Payment Request Matching Document)** – the payment document for the RPO which is system (automatically) generated.
 - **GAX (Generate Accounting Expense Expenditure)** – the payment document for non-incident purchase payments encumbered with a GAE.
 - **INP (Incidental Payment Document)** – the payment document for incidental purchase payments encumbered with a GAE.
1. Invoices should be date stamped as soon as they arrive on campus to ensure a proper record and comply with the Commonwealth's Bill Paying Policy. If the invoice is submitted in an electronic form (fax, email), the invoice must be recorded as received as of the confirmation of the fax or email. Email invoices must be printed to include the date the email was received. The Vendor Invoice Date is a required field on all MMARS payment request transactions and should always be the **date the invoice was received on Campus**.
 2. Departments should review and approve the invoice, the appropriate person should sign to indicate that goods and services have been received and payment is appropriate. Approved, signed invoices are attached to a Payment Input Form and sent to the State Support Section of the Controller's Office.
- II. Payments made from Disbursement Vouchers for Non-Appropriated Funds and Grants & Contracts Non-PO/Direct Payments:**
1. Only certain expenditures are acceptable as Non-PO/Direct Payments. See list in Controller's Office Accounting Manual.
 2. Invoices received from vendors are sent to the appropriate department that received the goods or services for review and approval. Vendors are requested to send the invoices directly to departments.
 3. The paying department types a Disbursement Voucher and lists each invoice and vendor for payment for an account or group of accounts within one non-appropriated fund. The departmental signature on each individual invoice indicates that goods have been received and payment is appropriate.
 4. If payment is to an individual, a University Contractual Services Agreement Form must be signed between the individual and the department contracting the services.

5. Disbursement Vouchers with approved original invoices received from departments are sent to the Non-Appropriated Fund Accounts Payable section and are distributed to the clerk responsible for the fund.
6. The vendor code is then checked to the on-line vendor tables to be sure that the remit to address on the invoice agrees with the Disbursement Voucher.
7. Disbursement Vouchers must first be reviewed by the accountant who handles the fund to ensure that the proper account is being charged.
8. The Disbursement Voucher audit procedure includes a check on the following fields:
 - a) Vendor Code - 10 digit numeric vendor number
 - b) Fund - 5 digit departmental number
 - c) Dept. ID – 10 digit alpha/numeric number
 - d) Account - six digit expenditure code
 - e) Project/Grant – 15 digit alpha/numeric number
 - f) Invoice Number - invoice number of bill being paid
 - g) Invoice Date - date which is on the invoice
 - h) Payment - the amount indicated on the invoice
 - i) Handle Code - whether documentation needs to go out with the check
 - j) 1099 Field - if payment requires a tax form to be issued
 - k) Name - the name of the vendor being paid
 - l) Description - describes the goods or services

Disbursement Vouchers that have been approved for payment are submitted to data processing clerks in A/P to be scheduled for payment.

III. Payments made from invoices from On-Line Purchasing (Non-Appropriated Funds, Grants and Contracts):

1. All vendors are instructed to send on-line purchasing invoices directly to the non-appropriated accounts payable section.
2. Invoices are matched to on-line PO's.

3. The invoice is checked against the on-line PO for proper vendor and remit to address, quantity invoiced, unit price, and invoice amount.
4. The system automatically holds payment if there is an overage in either quantity invoiced, unit price, or invoice amount. If the invoice is a) less than \$500, b) between \$500 and \$2,500 and the overage amount is less than or equal to 25% of the PO, or c) over \$2,500 and the overage is less than or equal to 10% of the PO, then the invoice is forced paid by the accounts payable clerk. If the above tolerance is not met, a “bump” form is sent to the department to make adjustments with the vendor or the PO. The tolerance scale applies to all invoices except for bid orders.
5. If a purchase order is greater than \$1,000 and does not have an authorized signature, a copy of the invoice is sent to the department for their inspection. The department is given five days to review the invoice before payment is processed automatically.
6. The system automatically holds all invoices that require receiving until the department processes receiving against that PO. PO’s for bid orders, contract equipment, and materials over \$1,000 require receiving.

D. PAYROLL

Payroll is automatically interfaced bi-weekly from the HR/CMS system to PeopleSoft Financials and manually entered into MMARS via the MMARS Liaison. The 629 PrePredictive report is generated on a daily basis to identify any payroll errors. Payroll is notified immediately so that corrections can be made before the feed to MMARS and PeopleSoft Financials. A fund control report, sorted by appropriation is provided to the University Controller’s Office on Thursday afternoon prior to the payday to verify fund availability. The 610 New MMARS Appropriation Report is run bi weekly to make sure funds are available on MMARS. Payroll is pulled directly from the “expenditure ceiling” - no encumbrance is required for the MMARS system. The Treasurer’s Office sorts all checks for distribution bi-weekly on Friday mornings. Payroll new hires for salaries in excess of \$150,000 must be approved by the University President.

E. REVENUE

All State-Appropriated Revenue (not sent by EFT) is received and deposited by the Bursar. The Bursar sends the check stub and deposit slip to the State Support Section.

Non-Appropriated Fund receipts are received in various non-appropriated funded operations around the campus and are then centrally processed through the Bursar’s Office and deposited to the bank. Ancillary receipt processing areas are set up for the University Health Services, Continuing Education, Fine Arts Center and Auxiliary Enterprises. All gift revenue must be processed through the Development Office.

Cash Collection Security Guidelines, available on the Controller’s Office web page, provide managers responsible for operations that collect funds with a listing of operational controls designed to safeguard funds.

Receipts are recorded on a University Deposit Slip form or on a departmental form designed for a department's specific range of account numbers. The receipts are batched on a daily basis for entry into PeopleSoft Financials.

Separate bank accounts have been set up for the receipts through the Bursar's Office, and each one of the three ancillary receipt-processing areas.

F. BILLING & RECEIVABLES

Billing of tuition and fees is the responsibility of the Bursar's Office and is accomplished through the PeopleSoft Student Information System (SIS). The initial semester billings are sent in July and December, with receivable billings throughout the year as required. Receipts are processed by the Bursar's Office into the PeopleSoft Cashiering system and fed to the accounting system on a daily basis.

The Student Loans/Campus Receivables Office (SL/CRO) maintains a cash drawer in the amount of \$200.00 for the purpose of making change and accepting cash payments. The drawer is funded through the Head Teller in the Bursar's Office. Cash is reconciled bi-weekly by the SL/CRO cashier. Checks received are reviewed by the Clerk III to insure correct account numbers and that the checks are written properly. Checks are divided into two groups: borrower remittance and loan consolidation. Payments are applied to individual accounts at least twice weekly (Wednesday and Friday) as well as on the 15th and the last business day of the month.

Payments are prepared for deposit and placed in a locked deposit bag. All cash deposits are double counted and signed off on by both the cashier and a supervisor. The deposit bag is carried to the Bursar's Office by a UMPD officer. When the receipt for the deposit is returned to the SL/CRO it is matched with our copy of the deposit slip and the batch transaction and retained in a file in the office. Collection agency statements are processed as they are received and the remittance check is handled in the same manner as individual checks.

Perkins Loan promissory notes are delivered to the SL/CRO twice each year by the Financial Aid Office. The notes are then sent to a vendor to create microfiche. One copy of the fiche is maintained in the vendors secure facility. Both the original notes and a copy of the fiche are returned to the SL/CRO. The note is used to create a borrower file and the fiche is stored on site. Tuition promissory notes are maintained in individual student files on site. All correspondence and documents are retained in borrower files in the SL/CRO. Filing is typically handled by student staff.

The Student Loan fund activity is reconciled each month by the Loan Coordinator. All cash transactions and bank statements are also reconciled each month. Journal entries are prepared and applied to maintain accuracy between the GL and the Loan system as necessary each month. The SL/CRO provides information for the preparation of the FISAP and coordinates this information with the Financial Aid Office to insure accuracy in this process.

The accountants in Research Accounting section of the Controller's Office are responsible for compiling and sending out to billings for grants and contracts to various sponsors including

industry, state and federal agencies and foundations. The amount billed is based on the method specified in the contract which may be the expenses for the time period involved, installment, or milestone. The bills are sent out at various frequencies such as monthly, quarterly, or specified dates during the period of the grant, or based on progress reports being submitted to the funding agency.

The grant accountant submits the invoices to be signed by the Assistant Controller. The billing document directs the funding agency to remit the payment to the Controller's Office to the attention of the Controller.

Checks received are given to the Manager of the Research Receivables section when received. The checks are entered into a log and assigned a number. A copy of the check is given to the appropriate Research Accountant to match with the corresponding invoice. The checks are batched with a deposit slip and given to the receptionist in a bank bag. The bank bags are picked up daily by security and delivered to the Bursar's Office. The checks are deposited to a clearing account. At the same time, a journal is prepared for the deposit and sent to the clerk in Research Accounting who does the journal upload. This draws the funds from the clearing account and deposits them in the individual research ledgers. After the clerk notifies the Manager that the upload is done, it is checked for accuracy on PeopleSoft. Once this is done, the payment is entered in GAMS.

Bank sheets showing funds deposited to two bank accounts, one general University and one Amherst G&C, are sent on a daily basis to many individuals at all campuses. The Treasurer's Office assigns a log number to each receipt. The Manager and a clerk for Research Receivables receives these sheets by e-mail daily. The clerk prints the sheets, maintains a log of the receipts and distributes them to the appropriate research accountant. The accountant matches the receipt with the invoice and provides this to the Manager of the Research Receivables. Then the Manager prepares a journal upload to distribute the receipts to the appropriate chartfields. The journal is sent to the clerk who notes which receipts have been "claimed" and forwards the journal to the Treasurer's Office. After about a week, the Manager checks that the receipts appear correctly on PeopleSoft and then enters the payment in GAMS.

The Amherst Campus Controller's Office maintains responsibility for the Federal Letter of Credit draws and reporting for Amherst and Boston Campus Research Accounting section. Draw requests are prepared by the Manager of the Research Receivables section through PeopleSoft and sent to the University Treasurer's Office in Shrewsbury by e-mail. The draw is based on expenditures charged on grants funded under the Letter of Credit. The Treasurer's Office submits the draw request to the federal agency. The funds for each letter of Credit cash request are received within 48 hours by electronic funds transfer to the University's bank account.

For the Amherst campus, along with the draw, a journal upload is submitted to the Treasurer's Office. The Treasurer's Office saves the journal and when the funds are received from the draw, the journal upload is done. This distributes the funds to the appropriate chartfield.

For the Boston campus draws, when the funds are received, the Treasurer's Office enters a deposit in PeopleSoft and provides the deposit number to the Manager of the Research Receivables section. Then the Manager does the distribution of the receipts to the appropriate chartfield through the PeopleSoft accounts receivable module.

G. INVENTORY CONTROL

The Amherst Campus has Property and Inventory Control staff that use the PeopleSoft Asset Management module to record and track Amherst fixed assets. The Property and Inventory Control Office staff has primary responsibility for tagging, inventorying, providing departmental equipment lists and recording any changes about fixed assets reported by departments like location changes and disposals. A department head can delegate equipment tracking tasks to an Equipment Coordinator. The Equipment Coordinator is the liaison with the Property Office and is responsible for ensuring that departmental equipment is properly accounted for.

I. FIXED ASSETS

- a. Capital equipment includes any movable, tangible item that is purchased, donated, fabricated, or acquired through trade and valued at greater than \$5,000 at time of acquisition and having a useful life of greater than two years; except items being fabricated for external entities, experimental fabrications or items held for resale.
- b. Non-capital equipment includes movable, tangible equipment with a useful life greater than two years with a value between \$1,000 and \$4,999, except for furnishings.
- c. Tracked Equipment includes all capital and non-capital noted above and computers (desktop, laptop) at any value.
- d. Consumables are defined as items costing less than \$1,000 or having a useful life of less than two years. These items are not tracked as Fixed Assets. Campus Departments should maintain procedures to ensure that items costing less than \$1,000 are safeguarded from theft and not purchased for personal gain.

II. VALUATION

Purchased equipment is valued at the invoice price. Donated equipment is valued at its fair market value at the time of donation. The valuation of constructed or fabricated equipment includes all identifiable costs such as blue prints, component parts, materials, and labor. Valuations also include additional costs necessary to make the equipment usable for the purpose for which it was acquired. Examples of additional costs include freight, accessories, and installation costs.

III. ACQUISITION METHODS

a) Purchase Orders

Departments can acquire property by processing a purchase requisition through the BuyWays Purchasing System to a purchase order. The Procurement Department assists in the selection of a vendor, getting bids or determining a contract price, and working out other terms of the purchase, when applicable. Purchase Orders are processed with the appropriate capital equipment expenditure account or non-capital equipment expenditure account. When payments are processed with equipment account codes, relevant information feeds to the Asset Management interface table.

The account codes and the descriptions are as follows:

Equipment \$1,000 to \$4,999:

NON-CAPITAL EQUIPMENT PURCHASE	
741970	Non-Capital Equipment: Any movable non-IT equipment item valued at \$1,000-\$4,999.99 that will be tagged and tracked in the University’s equipment inventory. For computer hardware, systems, and peripherals see 741980.
741980	Non-Capital Information Technology Equipment: Any movable computer hardware, systems, and peripheral item valued at \$1,000-\$4,999.99 that will be tagged and tracked in the University’s equipment inventory.

Equipment \$5,000 and over:

CAPITAL EQUIPMENT PURCHASE	
763100	Information Technology Equipment- >\$4,999; Computer hardware, systems, and peripherals. Use 741980 if \$1,000-\$4,999.99: For computer software, see 734800. For computer supplies, use 734200. For computer/software maintenance, use 768100.
763140	Telecommunications Equipment >\$4,999;
763180	Computer Software >\$100,000;
763210	Research/Educational Equipment>\$4,999; Items necessary for research or for instructional use in a teaching setting.
763400	Facility Equipment >\$4,999; Items necessary for the operation of programs of a state facility. For example: machinery, instruments, appliances, and modular units (trailers). Includes Plant, Shop, Operational Equipment and equipment associated with implementing energy savings conservation measures. Room air conditioners included here if greater than \$4,999. For the initial purchase of equipment during the construction of a facility, use 772180.
763500	Motorized Vehicle Equipment >\$4,999; Motor vehicles, including passenger vehicles, airplanes, helicopters, passenger trucks and lawn mowers/tractors greater than 90 h.p. Includes motorized vehicle equipment accessories.
763700	Office Equipment >\$4,999 ; For example, postage, fax machines, etc. See 763100 for Computer Equipment.
763800	Printing/Photocopying Equipment >\$4,999; Printing, photocopier, duplicating, and micrographics equipment, and equipment for the micro production of source documents or electronic data and microfilm/microfiche readers and printers. Includes the payment that covers the cash buyout of such leased equipment.
764200	Medical Equipment >\$4,999; For example, x-ray machines, blood gas analyzers, etc.
764300	Law Enforcement and Security Equipment >\$4,999; For example, radar systems, breathe analyzers, firearms, etc. For police vehicles, see 763500; for ammunition, see 744800.
764500	Heavy Equipment - General >\$4,999; For example, front-end loaders, backhoes, bulldozers, tractors, cranes, dump trucks, etc., for other than farm use. See 763500 for Motorized Vehicle Equipment.
764600	Television Broadcasting Equipment >\$4,999; High technology equipment used for audiovisual productions for video and other television broadcasting.

b) Capital Construction

Capital construction projects are generally managed by the Facilities & Campus Planning Office. The Controller's Office and Facilities & Campus Planning Office collaborate to determine appropriate capital status and attributes recorded in PeopleSoft.

c) Donations

All Amherst Donations are accepted through Donor Services. Donor Services issues a donor letter that indicates the fair market value of the item and provides an annual listing of all donated equipment to the Controller's Office. Equipment donations are recorded in Asset Management as capitalized and/or track only if they meet the proper criteria.

IV. TAGGING AND INVENTORY

When movable capital or noncapital equipment is acquired a University identification number is assigned and Property Office staff affixes a bar code tag to the equipment. In certain instances, arrangements are made for bar code tags to be delivered to a department to tag their own equipment. Departments may also develop an alternative tagging and tracking process as long as it affords the same level of asset control.

Inventories are conducted of all tagged equipment in buildings based on a two year building schedule. After the completion of a physical inventory of all the building locations occupied by a department a listing of all the departments equipment is provided. The department is required to determine the disposition of any equipment not observed during a department's physical equipment inventory. The location of all equipment not on campus must be documented and maintained by the department. Primarily this includes computers and laptops.

V. EQUIPMENT DISPOSAL AND EQUIPMENT TRANSFERS

All equipment should be disposed of in accordance with federal, state and university guidelines using Waste Management's online Surplus Equipment Disposal Form.

The Equipment Transfer, located on the Property Office website is used to inform the Property Office of any equipment relocation Note: Usable surplus equipment or furniture with a resale value greater than \$100 can be sold as surplus following the Procedure For Sale of Surplus Equipment using the Surplus Equipment Sale Form located on the Procurement web page.

Disposal of computers, laptops and other telecommunication devices must conform with IT guidelines to prevent loss or theft of sensitive data.

For a full list of policies, procedures, forms and contact information please see the Property Office website.

H. JOURNAL ENTRIES

Journal Entries are processed by the Controller's Office and departments that possess the required training to process and upload journals and/or recharges to non-payroll ledger accounts. Each fund has specific rules regarding what type of charges are allowable. The journal entries must have approval from the chart string manager or approved delegate who understands these rules before

processing a journal entry into the GL. This approval can be in the form of a signature, memo or electronic. Request that involve a sponsored grant must be accompanied by a Non Payroll Cost Transfer form and be approved by a grant accountant.

Support for a journal entry can be a hard copy supporting document and or a journal entry description. Hard copy supporting documentation is not required for a non-sponsored chart string unless the description inadequately explains the purpose of the journal.

Journal entry descriptions are used to explain what, where, and why a journal entry is required. Journal descriptions include journal line references providing specific system identifiers back to the original transaction as well as the type of journal entry and person requesting the journal entry.

Journal entries transferring a charge that originally appeared on a UMGL7062 Detail Report more than 120 days prior to the journal entry date will require an explanation to justify why the adjustment was delayed.

I. FILE MANAGEMENT

File Management is a shared responsibility with the University Controller's Office and the Amherst Controller's Office. Files are maintained in accordance with State and sponsor retention guidelines.

J. CHARTFIELD ESTABLISHMENT

New chartfields are created in predetermined number ranges when approved by the Controller or his/her designee. The file management clerk also creates or changes attributes on-line after approval by the Campus Budget Office and the Controller or his designee.

Revenue and expenses cannot be processed against a chartfield until the Budget Office and A & F Administrative Systems have been notified. The Budget Office will load the necessary budget lines. A & F Administrative Systems will place the security on the new chartfield, allowing the appropriate individuals access to the chartfield for creating/approval of Purchase Orders, Journals, etc. A nightly feed of the chartfield information occurs to Human Resources to establish the HR account code which is necessary for processing payroll against the chartfield.

The Campus maintains control over a series of flags that control activity within a fund.

K. AUDITS

The Controller is the campus audit liaison and is responsible for obtaining and monitoring the action steps taken by the campus in response to issues noted by auditors of campus operations. The Controller's Office monitors each management finding and works with departments to track and assist implementation of responses.