INTRODUCTION

The primary purpose of the Accounts Payable section of Accounting Services is to audit and process payment for all invoices (internal and external). The delegated authority to perform this task resides in UW-Extension Accounting Services, Room 104 Extension Building.

Accounts Payable works closely with vendors (internal and external), UW-Extension departments/divisions, and UW System to insure both the accurate and timely processing of all vendor invoices.

The processing of invoices for payment follows different steps depending on whether the invoice is from an internal (UW vendor) or an external vendor. Generally, external invoices are for commodities/services received as a result of a legal purchase order issued by the UW-Extension Purchasing Department (see BSPPD # 13).

Accounts Payable staff audit invoices supported by a purchase order (exceeding $5,000, including freight and tax, if allowable) to assure compliance with the terms/conditions of the purchase order. An invoice for goods or services of over $5,000, that is not the result of a legally issued purchase order, may be considered an unauthorized purchase. Memberships, publications, subscriptions or registrations do not require a purchase order at any dollar level.

Purchase orders direct vendors to send invoices to UW-Extension Accounts Payable. If an original invoice is received directly by the ordering department, the invoice should be approved (or it should be indicated that items have not been received yet, etc.) and immediately forwarded to Accounts Payable for processing. Departmental staff should not request a vendor to mail invoices resulting from purchase orders directly to them unless a prior agreement has been reached with Accounts Payable.

Accounts Payable is also responsible for fostering a good working relationship between UW-Extension and its vendors and to insure prompt payment of all legal invoices that have either been approved by authorized departmental staff and/or meet the conditions and specifications of a purchase order.
**Invoice Processing Steps**

**Accounts Payable Staff Responsibilities**

1. Date stamp to start the prompt payment clock.

2. Check invoice for a valid purchase order or low dollar order number. If none and the invoice exceeds $5,000 and requires a purchase order to be issued, return to vendor and request additional information. If the invoice is for $5,000 or less, attempt to identify and then forward to the ordering department requesting either an order number or coding to be charged.

3. For purchase order invoices, obtain either negative or positive approval. Both the positive and negative approval time frame is seven (7) calendar days. Audit against terms of purchase order.

4. For invoices related to a low dollar order form, audit against terms of low dollar order form.

5. Auditor initializes, dates, and prepares the invoice for the Shared Financial System. A copy will be sent to the consuming department for their records. If the consuming department was the original recipient of the invoice, a copy will not be sent to the consuming department.

6. Payment information is entered in the Shared Financial System where a check is cut and mailed to the appropriate vendor.

**Ordering Department Responsibilities**

1. For purchase order invoices, respond to negative and positive approval requests from Accounts Payable staff as appropriate. Invoices received directly from vendors should be date stamped, approved (or it should be indicated that the item(s) have not been received yet, etc.) and forwarded to Accounts Payable.

2. Low dollar invoices received directly from the vendor should be date stamped and either have a Low Dollar Order number shown or have the entire coding string to be charged entered on the invoice. **An authorized departmental signatory should indicate his/her approval on the invoice and forward the invoice to Accounts Payable.**

Note: This entire payment cycle takes an average of 14-21 days for a properly billed, non-discounted invoice. When a discount is involved, the invoice is processed in an appropriate time frame to allow the use of the discount.

**Negative Approval Process (Purchase Orders Only)**

The negative approval process will be followed when the invoice applies to a purchase order. The department to whom the service or product was rendered will receive a copy of the vendor’s invoice with a stamp that shows the organization code of the department and a date that indicates when the invoice will be paid. If the department finds a discrepancy where the invoice should not be paid, the
department should contact Accounts Payable immediately.

**Positive Approval Process (Purchase Orders Only)**

The positive approval process will be used when the invoice applies to a purchase order written for capital purchases, personal services, and meals/lodging that require prior authorization from the receiving department before the payment process is begun. Accounts Payable staff at their prerogative can utilize positive approval when it is apparent that prior departmental approval is necessary.

**Discounts**

Accounts Payable has, in the past, and will continue to attempt to take all discounts offered by a vendor. But there are some constraints such as payment deadline and the amount of the discount that must be taken into consideration. Therefore, in general, all discounts under $10 and all payment terms of less than 10 days will be disregarded.

**Prompt Payment**

Pursuant to Statute 16.528, Wisconsin Statutes, state agencies are required to pay interest at the rate of 12% per annum for vendor payments not made within 30 days of receipt of an invoice or the receipt of goods and services, whichever is later (subject to certain statutory exemptions). If there is a contention that payment should not be made, Accounts Payable must notify the vendor in writing within the 30-day period.

A date stamp on the vendor invoice will signify the starting date of prompt payment. If there is no date stamp then the invoice date will be used.

If the delay in payment is caused by departmental action or lack thereof (i.e., receiving an original invoice and not forwarding it to Accounts Payable), the interest will be charged to the funds originally paying the invoice. When the interest charge is calculated to be less than $5 the interest payment does not have to be made unless requested by the vendor.

**Payment Timeframe**

Under normal circumstances, Accounts Payable sends payments to vendors approximately ten (10) calendar days after receipt of an invoice. Payments can be expedited under special circumstances (contact Accounts Payable staff to make arrangements).

**Disputed Invoices**

When there is a contention that goods delivered or services received were of a lesser quality or quantity than ordered or specified by contract, were faulty or installed improperly, or were damaged in shipping, contact Accounts Payable which will decide whether to issue a letter of dispute. **This must be done within 30 days of receipt of the merchandise/service or invoice, whichever is later.**

Accounts Payable and Purchasing will be the final arbiter on whether an invoice will be disputed.
Departmental or divisional staff must never arbitrarily decide not to pay an invoice.

**Meals, Refreshment Breaks, and Lodging**

All invoices pertaining to group sponsored events (i.e., meals, breaks, lodging, etc.) require a departmental signature, proper documentation and a Group Sponsored Events form. The Group Sponsored Events form is prepared by the department to provide information needed by Accounts Payable to process the invoice. The cost of lodging, meals, breaks, and any incidental costs must be in compliance with UW System Travel Regulations. (See BSPPD #7B for instruction and procedures regarding UW-Extension sponsored events).

**Illegal Purchases**

Requisitions should be submitted in advance and a purchase order produced when goods/services exceeding $5,000 (no dollar limit for memberships, registrations, subscriptions and publications) must be ordered from an external vendor. Purchases that are not in compliance with this policy are defined as illegal purchases unless they can be shown to be a legitimate emergency purchase. Before departmental staff initiate an emergency purchase during regular business hours, an attempt must be made to contact a UW-Extension Purchasing Agent on how to handle the current existing emergency situation.

Illegal purchases require complete justification. Purchasing staff will send a justification form to the department receiving the goods/services. When the justification form is completed, it must be returned to Purchasing staff who will review the justification and, if acceptable, authorize Accounts Payable to make payment.

It is the department’s responsibility to expedite the completion of the justification form to avoid incurring prompt payment interest charges.

**Direct Coding**

A department that receives an invoice for goods and services that do not exceed $5,000 (including freight and taxes) can direct code (FY, fund, organization, program, account) and provide the signature of an authorized individual from the receiving department on the invoice and send the original invoice to Accounts Payable, Room 104 Extension Building for processing. (See BSPPD #11 Low Dollar Order Process for additional information.)

**Memberships, Registrations, Subscriptions and Publications**

The order and payment for memberships, registrations, subscriptions and publications can often be handled through the use of a Purchasing Card.

**Credits**

1. UW-Extension Accounts Payable receives and processes credits that pertain to a UW-Extension purchase order.
2. Credits that are generated by the purchasing card will be processed in accordance with BSPPD # 16a.

When a credit is received and there is not a way to use the credit against an outstanding invoice or an anticipated invoice, the credit is to be returned to the vendor and a refund is to be requested.

**Purchasing Card**

The purchasing card is the preferred method of purchasing materials and services of $5,000 and less from external vendors and internal vendors that accept the purchasing card. See BSPPD #16 for details.

**Internal Invoices/Requisitions**

Internal transactions can be processed in the following manner:

1. An internal requisition can be issued to an internal service department (i.e, ICS, DoIT, etc.). At the time of billing the internal service department generally will send a statement to the using department for informational purposes only. The charges have already been applied to your requisition.

2. Invoices received from another UW department can be processed for payment by UWEX Purchasing Card or by entering the complete coding (FY, fund, organization, program, account), the written approval (signature) of an authorized departmental representative on the invoice and forwarding the invoice to Accounting Services, Room 104 Extension Building, for processing.

3. Situations involving the purchase of services of a faculty/staff member of another UW institution may require the preparation of an Inter Institutional Agreement or an overload payment. (See BSPPD #10 for details)

Please direct any questions regarding the Accounts Payable process to Accounting Services (265-6650 or 262-0180).

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