

# UCRFS User Group Meeting

## 8/22/16

### Increasing the Invoice Approval Limit

Background: Per the UC Accounting Manual, campuses are required to obtain prior department approval for purchase order related vendor invoices above a certain threshold; UCR's current threshold is \$5,000. When department approval is required, approval has been obtained by scanning a copy of the invoice and e-mailing it to the department for a written signature approval. Note: Invoices below the campus designated threshold, do not require departmental approval, but are generally subject to three-way matching (i.e. invoice agrees to PO and the PO has been marked as received in eBuy); certain transactions\* are only subject to two-way matching (i.e. invoices agrees to the PO). In FY2016, PO related invoices between \$5,000 and \$9,999.99 totaled 1,396; invoices over \$10,000 totaled 1,351 (total PO related invoices 93,649).

With the support of organizational CFAOs, the threshold for purchase order related invoice approval has been increased to \$10,000. The Accounting Office Accounts Payable unit will be transitioning to this new threshold in the near future.

#### Rationale:

- Change will result in prompter payments to vendors; and
- Reduced administrative burden for department and central offices

#### Considerations:

- Ledger reconciliation threshold to verify transactions is \$5,000.

#### Upcoming enhancements:

- Approval tool within eBuy to automate the invoice approval, improve access to the invoice for ledger reconciliation/reference, improve tracking
- New EACS role: Invoice Approver (replaces signature authorization)
- Invoices requiring approval will be scanned and routed to the invoice approvers associated with the Accountability Structure associated with the PO

Reference: UC Accounting Manual D-371-36 Disbursements: Invoice Processing in Response to Purchase Authorizations

*Reminder: All vendor invoices should be sent directly to the Accounting Office from the vendor to avoid delays in vendor payments*

\*DAPOs issued against vendor specific agreements that are less than \$1,000 will not require the department to perform the "Okay to Pay" (or authorize payment) action on line items less than \$300 prior to issuing a payment to the vendor; line items above \$300 will continue to require the "Okay to Pay" action to be performed promptly and prior to payment to the vendor. DAPOs issued under the miscellaneous agreement type that are less than \$300 will not require the department to perform the "Okay to Pay" action prior to issuing a payment to the vendor. DAPOs issued against travel related vendors, U.S. BANK NATIONAL ASSOCIATION ND and YOUR TRAVEL CENTER INC. will not require the department to perform the "Okay to Pay" (or authorize payment) action on all line items prior to issuing a payment to these vendors. For receiving and audit purposes, all DAPOS line items should continue to be marked as "received" via the existing process in eBuy. With these process changes, prompt ledger reconciliations and PAN reviews involving source code "ATP" is critical.