

September 27, 2007

PSC Closed the afternoon of Thurs. Oct. 4
The FinPro Help Desk will remain open.

Payment Voucher (PV) Changes - Oct. 1

The new PSC Procedural Statement (PPS) [Payment Voucher Authorization & Use](#) identifies the restricted goods and services you can purchase without a commitment voucher. It also sets forth the documentation required to support each type of payment; references applicable policies, procedures, and forms; and identifies dollar limits. Please review the new grid of allowable PV uses carefully, as there are a number of changes from the current PV Policy.

The PV form itself has also been revised. The new PV requires a business purpose for each purchase and – for reimbursements – an explanation as to why personal funds were used instead of a recognized small-dollar procurement method. The new form will be on the web October 1; the new PPS is available already.

Revised Scope of Work (SOW) Process

The Scope of Work (SOW) form is required to pay independent contractors for services through the PSC. IRS regulations explain the differences between an individual functioning as an *employee* and one functioning as an independent contractor. Your campus HR office applies IRS guidelines to make this determination...and the new SOW will help them do this. Note that SOW review is now required for service providers who operate under their Social Security Numbers, whether as **individuals** or as **sole proprietors**. Also, the service provider's signature is now required on the SOW form. The new SOW will be on the web October 1.

New Honorarium (HNR) Form

Honoraria are rewards, or token payments, made to individuals (e.g., guest lecturers) for services for which custom forbids a price to be set or where no expectation exists for payment for services. Like small-dollar payments for services from independent contractors, honoraria can be paid using the Payment Voucher (PV). However, the circumstances leading to an honorarium payment, and the documentation required to support it, are different. Accordingly, we have developed the new Honorarium (HNR) form. The HNR must be attached to the PV in order to pay an honorarium over \$75. In the past, the SOW form has been used to support payment of an honorarium over \$500 – so please note the new, lower threshold at which a supporting form is required. Use of the HNR form is guided by the new PV [Procedural Statement](#) and the Administrative Policy Statement [Honoria](#).

Undocumented Reimbursement (UR)

The UR form can substitute for a missing receipt as part of a reimbursement request. A revised UR form – and a new PPS to guide it – will be on the web October 1. The UR now requires controller signature only if the missing receipt is over \$25...and can now replace a missing travel receipt (except for rental car gas).

Meal Per Diems & Other Travel Changes

Beginning October 1, receipts are no longer required to reimburse actual costs of eligible meals, up to the destination's designated per diem amount. (As a result, the International Meal Diary form will soon be removed from our web site.) If your trip begins before October 1 but ends on or after October 1...good news: you won't need meal receipts for **any** portion of the trip.

Other travel changes take effect in October and are enumerated in our revised PPS Travel Authorization & Expense. There are new restrictions on tipping (e.g., maid tips are part of your "incidental per diem"...\$3/day for domestic travel). Personal phone calls made in international travel status are now limited to the incidental per diem amount (and reduced from \$20 to the new international incidental amount of \$15). Look for the new PPS and new Travel Voucher form on October 1.

For all new forms...

Payable Services will accept current versions of the above forms through the end of October. Beginning November 1, only the new versions will be processed.

Business Purpose Documentation

When you begin to use the revised Payment Voucher (PV) form – on the web October 1 – you will need to explain why you are making each purchase, i.e., what's the business purpose. Note that the field is required (the PV cannot be processed without this information). This is the third of several changes to improve the business purpose documentation required for all procurement and financial transactions.

What should you enter in this field? You'll need to consider why your *organizational unit* is making the specific purchase, and how this purchase will benefit the University. In other words, how will purchasing the goods or services support *official university business*? Be sure to answer the questions who, what, and why. For example:

- Paper and printer toner, required to support administrative office functions.
- Laptop needed for Prof X to conduct on-site surveys in support of her grant (give project details/description).
- Upgrading software to facilitate production of university-wide newsletters and other publications promoting fiscal policies.
- Conference X registration for Dr. Z to enhance knowledge of laboratory safety designs given his responsibility for biohazard work

The bottom line? An independent third party should be able to understand why this purchase is an appropriate use of university funds. Also be sure to relate this purpose to any restrictions on funding sources (i.e., gift, sponsored projects).

After-the-Fact Purchases

Are you and your colleagues familiar with the University's [After-the-Fact Purchases Policy](#)? The consequences of violating this policy are significant, so please take a moment now to review it.

What is an After-the-Fact (ATF) purchase? Purchases over \$4,500 require the issuance of a purchase order by a PSC purchasing agent. It does not matter if the purchase is for a single item costing over \$4,500...or for many items totaling over \$4,500. Shipping charges are included in the cost. If you initiate a high-dollar (over \$4,500) purchase yourself, you violate the ATF Purchases policy.

How does an ATF occur? Individuals in the organizational unit order or obtain a good or service that a purchasing agent should have ordered.

What do you do about an ATF? You must follow the procedures described in the ATF policy. Please confer with your campus contact (listed in the policy) prior to taking any action. The required documentation must be reviewed by the campus Chief Financial Officer and – depending on dollar amount and circumstance – the State of Colorado Controller. They evaluate what led to the ATF and decide on University payment approval.

Why is an ATF bad? ATFs result in delayed payments to vendors who have, in good faith, provided goods or services to the University. Furthermore, the individual who initiated the improper transaction may be held personally liable for payment.

What if you have questions? Contact the appropriate purchasing agent. For a list of purchasing agents and the commodities in which they specialize, see [Who Buys What](#).

New PPS: Advance Payments to Vendors

The new PPS Advance Payments to Vendors clarifies when and how the University can pay a vendor in advance, and when the new ADV form is required to support a pre-payment greater than \$4,500. Both [PPS](#) and [form](#) are on the web now and take effect on October 1.