

Prepared by the Disbursing Office  
This replaces Administrative Procedure A8.806  
dated February 1997

A8.806  
March 2007

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A8.800 Disbursing/Accounts Payable and Payroll

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A8.806 Responsibilities for Encumbrance and  
Payment Transaction Processing

1. Purpose

To provide procedures to process and record encumbrance and payment transactions to the Financial Management Information System (FMIS).

2. Objective

To record commitments and payments to the University's financial system.

3. Responsibilities

- a. Each campus/department office that initiates documents to process and record encumbrance and payment transactions is responsible for compliance with the procedures specified herein and applicable procurement procedures. The campus/department office must ensure propriety and legality of the payments.
- b. Fiscal officers and program managers (approving authority) who approve the business documents are responsible for compliance with applicable Federal and State laws, rules, regulations and University policies and procedures. The fiscal officers and program managers are also responsible for reviewing the expenditure and encumbrance reports to ensure that only appropriate transactions have been charged against accounts within their purview.
- c. The Office of Procurement and Real Property Management (OPRPM) is responsible to ensure that all procurement encumbrance transactions above a fiscal officer's

authority are in compliance with applicable Federal and State laws, rules, regulations, and University policies and procedures.

OPRPM is responsible for the development and maintenance of all procurement policies and procedures and the execution of compliance reviews of fiscal officers.

- d. The Disbursing Office is responsible to ensure that all payment transactions processed directly under FMIS have passed an appropriate final review to ensure compliance with applicable Federal and State laws, rules, regulations, and University policies and procedures and are processed in a timely manner. Disbursing is responsible for the retention of original invoices for procurement transactions processed centrally under FMIS.

Disbursing is responsible for the development and maintenance of policies and procedures related to direct payment documents (e.g., travel mileage, AFP, etc.), training and the execution of compliance reviews of fiscal officers in these areas.

#### 4. Guidelines

- a. OPRPM will review and process all encumbrances above the fiscal officer's purchasing authority. The Disbursing Office will concentrate pre-auditing review on payment transactions.
- b. The Disbursing Office preaudits encumbrances and payments, documents for compliance with statutes, policies, rules, regulations, and contractual obligations before processing payments on UHGA checks. The Disbursing Office will conduct training/compliance reviews with fiscal officers to enhance the compliance effort and payment processing efficiency.

#### 5. Procedures

- a. Department
  - 1) Prepare the requisition pursuant to procurement guidelines.

- 2) Complete pertinent supporting documents as appropriate.
- 3) Route requisition to program manager for approval.

b. Program Manager (Approving Authority)

Ensure that the requests are appropriate and valid for the funding sources.

c. Business Office and Fiscal Officer

- 1) Review and approve department requisitions, prepare hard copy/electronic purchase orders and direct payment documents. Ensure that all transactions are proper, legal, and in compliance with all applicable Federal and State laws, rules, regulations, and University policies and procedures.
- 2) Ensure that all required forms, supports, justifications, and approvals are maintained in office files as required by Federal and State laws, rules, regulations, and University policies and procedures.
- 3) For goods or services that exceed departmental purchasing authority, the requisition, request for quotation and other supporting documents should be transmitted to OPRPM for approval and issuance of a purchase order or contract encumbrance form.
- 4) For purchase orders within the fiscal officer's purchasing authority, approve and issue vendor's copy of the purchase order.
- 5) Transmit all payment documents for purchase order/contract transactions and direct payment documents within the fiscal officer's approving authority to Disbursing for processing.

Note: Refer to APM A8.836 - Purchase Orders and Related Forms, APM A8.838 - Contracts and Related Forms, and APM A8.839 - Accounts Payable Processing for detailed instructions on the preparation of

payment documentation for purchase order/contracts (receiving reports, invoices and supports).

d. OPRPM

Review, approve, and prepare hard copy/electronic purchase orders and encumbrance documents above the fiscal officer's purchasing authority. Payment processing for purchase orders and contracts above the fiscal officer's purchasing authority are coordinated with Disbursing.

e. Disbursing Office

- 1) Performs final preaudit review with respect to the legality, propriety and proper authority on all payment transactions.
- 2) Conducts training/compliance reviews with fiscal officers to enhance the compliance effort and improve payment processing efficiency.

Appropriate supporting documentation should be maintained in fiscal officer files and made accessible to reviewers upon request.

f. Program Manager/Fiscal Officer

Review all encumbrance and expenditure reports to ensure that only appropriate transactions (no unauthorized charges) have been processed against accounts within their purview.