

HEALTH SCIENCE CENTER HANDBOOK OF OPERATING PROCEDURES

Chapter 6	Fiscal Policies and Procedures	Effective:	July 2000
Section 6.1	Accounting	Revised:	September 2008
Policy 6.1.11	PeopleSoft Web Requisition (REQ) Purchases and Payments	Responsibility:	Assistant Vice President for Business Affairs

PEOPLESOFT WEB REQUISITION (REQ) PURCHASES AND PAYMENTS

Overview

The PeopleSoft Web Requisition (REQ) is a web-based application used to process a basic purchase requisition, General Stores requisition, or to request travel authorization. In using the PeopleSoft Web REQ System, each department Chair or Director must ensure that PeopleSoft approval cycles support appropriate separation-of-duties and are structured to provide appropriate internal controls. The Office of Internal Audit will routinely audit departments for compliance. Management should be particularly aware of the following points regarding PeopleSoft requisition authorization and approval cycles.

Appointment of ACE

The Access Control Executive (ACE) must be the Director, Chair, Administrator, Associate/Assistant Director, or the senior administrative position in the department if the department does not have an Associate/Assistant Director and/or an Assistant to the Chair. The ACE must be knowledgeable about (a) University policies and procedures, (b) internal controls, and (c) the department's work flow and organization. If the ACE reconciles accounts, there must be documented review of the reconciliations at a higher management level.

The departmental ACE is responsible for managing departmental users accessing administrative business systems including: PeopleSoft applications, Document Review System (DRS) and Data Warehouse. See [Section 5.8.16](#) of the *Handbook of Operating Procedures* (HOP), "Administrative System Access Controls (ACE Program)".

Typical Approver Roles

There are two types of approver roles in PeopleSoft financials; Administrator and Project Manager. Both the Administrator and Project Manager must approve a PeopleSoft Web REQ before it can be processed into a Purchase Order. The Project Manager is the authorized signature for the requisition, while the Administrator is considered to be a reviewer. Either, or both, can approve or deny (i.e. disapprove) the requestor's requisition. A Project Manager is associated with a particular Project ID number and an Administrator is associated with a department.

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**Approval
Considerations**

Before any PeopleSoft approver approves a PeopleSoft Web REQ, the approver must be certain that the expenditure or transaction is related and necessary to the operation of the department; is made in accordance with institutional and/or grant policies and procedures; is an authorized transaction; is properly supported; has available funds; and is coded to the proper Project ID number.

**Purchase
Procedures**

To initiate a purchase, the department completes a PeopleSoft Web REQ utilizing a web browser. As the department enters the REQ, availability of funds and the expiration date on the project ID are verified. Upon approval of the requisition by both Project Manager and Administrator, the status of the requisition becomes approved, at which time the REQ is pre-encumbered against the approved project ID and transmitted to the Purchasing Department. The Purchasing Department then assigns the requisition to a buyer and processes the order.

**Issuance of
Purchase Order**

After processing the PeopleSoft REQ, the Purchasing Department issues a Purchase Order. At that time, the amount of the Purchase Order is encumbered and the amount of the PeopleSoft REQ pre-encumbrance is reversed. This Purchase Order encumbrance will be removed and replaced by an expenditure transaction when payment is made and/or the purchase order is complete.

**Receipt of
Merchandise**

When the merchandise is delivered by Central Receiving, the individual receiving the merchandise is required to sign and date the "Receiving Report". If merchandise has been picked up by the department or delivered directly to the department by the vendor, it is the department's responsibility to contact Central Receiving. Failure to notify Central Receiving that merchandise ordered has been directly received or picked up by the department may delay the payment and increases the risk of incurring late payment interest. See [Section 6.1.9](#) of the HOP, "Automatic Late Payment Interest". The Accounting Office cannot pay an invoice until merchandise is recorded as received on the system. After receiving an invoice from the vendor and verifying receiving information, the Accounting Office initiates payment for items purchased.

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Completed Purchase Orders for equipment received may be placed on “hold” to check for proper operation before Central Receiving flags the item as received. This “hold” is limited to three (3) working days. Because of the risks associated with the prompt payment law, exceptions to the three-day hold will not be allowed, unless it has been previously justified and approved by the Purchasing Department on the Purchase Order. (Note: The “prompt payment clock” for late payment interest will not start for equipment delivered that requires installation, until the installation is satisfactorily completed. In these cases, Central Receiving will not record the equipment as received until such time that notification is received of successful installation).

**Voucher
Processing**

Once a payment voucher is processed, the Purchase Order encumbrance is reversed. Occasionally, the expenditure does not equal the amount encumbered against the Purchase Order due to partial shipments, freight charges, discounts, etc. In such cases, the disencumbrance will be reversed at the same amount as the payment voucher(s). Remaining encumbrance balances will be reversed as the Purchase Order is completed and PeopleSoft Purchase Order close processes (PO RECON and REQ RECON) are run.

Once all the necessary documentation, namely the (a) receiving information, (b) purchase order, and (c) vendor invoice, agree, the Accounting Office creates a voucher and processes a vendor payment or check. The Accounting Office then mails the check based upon terms of the invoice (for local funds). If the payment is made from State funds, the voucher information is transmitted directly to the State Comptroller’s Office, and it generally takes two weeks for an electronic wire or warrant to be processed. Electronic wires are directly deposited into the vendor’s bank account by the State Comptroller’s Office. State warrants are mailed from the Comptroller’s Office to the Accounting Office for subsequent distribution to the vendor.
