UBC OKANAGAN

REQUISITION PROCESSING POLICY

PURPOSE

The purpose of this policy is to ensure all requisitions for payment are processed accurately in a timely and efficient manner with the proper authorizations.

POLICY

All requests for payment to suppliers or non-travel re-imbursements to employees that do not have a Purchase or Blanket order require the submission of a Requisition for Payment form.

The Requisition for Payment must be filled out complete with authorization, correct coding and the **ORIGINAL INVOICE** attached with each invoice not exceeding $3,500 unless these items relate to utilities, legal and professional fees, subjects payment or one time service-oriented payments.

APPLICABILITY

Applies to all faculties, departments and ancillary operations.

EXCEPTIONS

There are no exceptions to the policy.

PROCEDURES

1. Cheque requisitions should be grouped as follows:
   a) Regular Q-requisition
   b) Honoraria
      − Canadian individuals
      − Canadian companies
      − Non-resident individuals
      − Non-resident companies
   c) Wire Transfers and Bank Drafts

2. Verify that both Vendor ID and Address Sequence # are correct after checking against the payee name and address. If the Vendor ID and/or Address Sequence # are not correct, search for the correct IDs in FMS and enter this information on the requisition form and initial.

3. For new vendors, photocopy the requisition (not the backup) and send to Accounts Payable for vendor set-up. Once the Vendor ID and Address Sequence # has been set-up, match the photocopies with the originals and write the Vendor ID and Address Sequence # on the original requisition form.

4. All supplier invoices attached to a requisition must be entered as a separate voucher.

5. Lost or missing receipts must be reported with a memorandum on their department's letterhead signed by the requestor and one administrative level higher.

6. Site Stamps - Site stamps are used on the actual purchase receipts when the purchaser is required to retain the original receipt. (ex. Warranty, airfare ticket)
    i.   Stamp on the original purchase receipt
    ii. Document the amount, date, requisition # and certify (sign)
    The stamp will read: This invoice/coupon was paid/reimbursed by the University of British Columbia.

7. Ensure all information is complete with valid Account #'s, Speedcharts, Fund #'s, Department ID's and Project Grant (PG) #'s.

8. Check signing authority. Requisitions for payment must be approved by at least one administrative level higher than the person claiming reimbursement.
    Note: A person cannot approve his or her own reimbursement.

9. Self-assess GST/PST/withholding tax if needed. Refer to the GST/PST/Withholding Tax self-assessment procedure.

10. When a transaction requires PST self-assessment, change the VAT calculation type from Inclusive to Exclusive. On the Invoice Information tab of a voucher, click on the next to the "In./Ex.?" field and select "Exclusive". PeopleSoft 9.0 will calculate and record the PST automatically.

11. PeopleSoft 9.0 is able to calculate and record GST self-assessment automatically. When performing GST Self-Assessment,

    a. The Voucher must be set to "Exclusive" in the Invoice Information tab.

    b. Click on the "Invoice Line VAT" link to go to the Invoice Line VAT Information page.

    c. Press the "Expand All Sections" button to view VAT Defaults

    d. Check "Record Output VAT" checkbox under VAT Details

    e. Under "VAT Treatments" select the appropriate treatment
         i. If Vendor does not have VAT registration, the VAT treatment should be Self-Assess Goods
             Import"
         ii. If Vendor has VAT registration, the VAT treatment should default as "Domestic Goods Purchase"

    f. Under "VAT Details", select
         i. Applicability: Taxable

        ii. VAT Code: GST
       iii. Transaction Type: STD

12. Initial the "checked by" box on the requisition when the checks are completed and enter in FMS for payment processing.

13. Invoices received without a unique invoice number are entered on the system using the Q reference # as the invoice number and the reference number.

14. Where an invoice is paid on more than one payment date, the invoice number to be entered on the system is repeated with a '-1, -2, etc.' after the invoice number.

15. In order to reduce duplicate payments use CAPITALS in the entering of invoice information, regardless of the format on the actual invoice. All other information including spacing and punctuation should be entered exactly as it appears on the vendor invoice.

16. Expenses in foreign currencies will be paid using the exchange rate on the date of transaction for employee reimbursements and the date of payment for suppliers.

17. In the Reference # Field on the voucher entry screen enter the Q-requisition number.

18. **Honoraria** are defined as infrequent payments for any type of service provided to UBC by an individual who is not registered as a company. If an employee/employer relationship exists, it has to be processed through Payroll. Any services from a registered company should be coded as consulting/professional fees. Ongoing or frequent payments to an individual must be made via a Purchase Order, if the total payment for the service exceeds $3,500. Following are examples of services classified as honoraria payments:
    – Guest speaker
    – Exam adjudicator
    – Performance Artist

Honoraria requisitions are separated into the following:

a) **Canadian Individuals**
   - All honoraria payable to Canadian individuals will be forwarded by Requisition Processing to Payroll to see if the individual is or has been an employee of UBC. Payroll will keep and process those payable to active UBC employees or to any individual who has been on UBC payroll in the current Taxation/Calendar year. The rest would be returned to Requisition Processing for data entry into FMS Live.
   - Charge non-payroll honoraria to account 522000 or non-payroll performing artists fee to account 565000. Ensure the requisition is complete with the payee's SIN number and date of service. Process the requisition as per processing procedures above. The handling code should end with a "T" indicating a tax form should be attached.

- **NOTE: All vendors with a Business Registration number will be processed as a Canadian company and no T4A form will be issued. Do not use account 522000 for this type of requisition.**

b) **Canadian Companies**
   - Honoraria payments, such as for contractor services, to Canadian companies are considered as Consulting/ Professional fees. They should be processed using account code 712000 for Consulting Fees or to 713000 for Professional Fees. Original invoice issued by the company must be attached.

c) **Non-Resident Individuals**
   - For non-resident individuals who perform work while in Canada, the payee's complete name, home country address and number of days in Canada are required. The requisition is recorded into a manual T4ANR folder by Requisition Processing for future reference and is then forwarded to Revenue Accounting for withholding tax remittance.
   - Revenue Accounting will reduce the invoice amount by 15% for withholding tax and issue the T4ANR - Tax Form for Non Residents
   - T4ANR - Tax Form for Non Residents: Revenue Accounting makes a copy of the requisition. On the original copy, Revenue Accounting will record the exchange rate used when converting the payment currency from FMS and the Canadian equivalent as of the invoice date.
   - The requisitions are returned from Revenue Accounting to Requisition Processing for further processing of payment.
   - Charge non-resident honoraria to account 523000 and performing artists to account 566000.
   - The handling code should end with an "**F**" indicating a non-resident tax form should be attached.
   - Charge non-resident honoraria for **work NOT done in Canada** to account 712000 Consulting Fees and 713000 Professional Fees. No tax is deducted, nor reported to Canada Revenue Agency. No TAANR is issued.
   - If there is a waiver where no withholding tax calculation is required, the waiver document as issued by Canada Revenue Agency to the payee must be attached to the requisition and forwarded to Revenue Accounting for issuance of the T4ANR.

d) **Non-Resident Companies**
   - Honoraria payments to non-resident companies should use account 712000 for Consulting Fees or 713000 for Professional Fees.
   - For non-resident companies whose employees perform work while in Canada, an original invoice issued by the company has to be attached along with the number of days the employee was in Canada. The requisition is recorded into a manual T4ANR folder by Requisition Processing for future reference and is then forwarded to Revenue Accounting for withholding tax remittance
   - Revenue Accounting will reduce the invoice amount by 15% for withholding tax and issue the T4ANR - Tax Form for Non Residents. Withholding is not taken on travel expenses.
   - T4ANR - Tax Form for Non Residents: Revenue Accounting makes a copy of the requisition. On the original copy, Revenue Accounting will record the exchange rate used when converting payment currency from FMS and Canadian equivalent as of the invoice date.

- The requisition is then returned to Requisition Processing for further input into FMS.
- The handling code should end with an "**F**" indicating a non-resident tax form should be attached.
- If there is a waiver where no withholding tax calculation is required, the waiver document as issued by Canada Revenue Agency to the payee must be attached to the requisition and forwarded to Revenue Accounting for issuance of the T4ANR.

19. **Subject Payments:** Subjects are defined as using their body for science and paid a nominal fee. The principal investigator (**PI**) must retain all receipts for audit purposes. Code all Subject Payments to account # 712100 Participation Services.

20. **Prizes and Awards:** Any payment relating to scholarships or achievements is considered an "award". Normally, awards have pre-established guidelines and criteria. Awards are taxable and should be coded to account 753000 Scholarships & Bursaries. Prizes can be considered an award if they are for achievement in an area ordinarily carried on by the recipient. If it is not included in this category it is considered a "windfall" and not taxable. Prizes will be coded to account 754000 Prizes.

WIRE TRANSFERS

All requisitions that require a wire transfer must be sent to Requisition Processing for processing in the Hexagon program, **including requisitions from on-line departments**. The information should include: payee name, address, bank account number, bank sort or swift code and the bank's name and address. Accounts Payable will record the transaction and a $7 service charge will be administered to the department.

Refer to the procedure on processing of Wire Transfers.

BANK DRAFTS

All requisitions requiring a bank draft must be sent to Requisition Processing for checking and processing, **including requisitions from on-line departments**. The requisition is then forwarded to Accounts Payable where a request for a bank draft is created, approved and faxed to the bank. The bank will send the actual draft to Accounts Payable who in turn will forward it to its final destination. Accounts Payable will record the transaction and a $7 service charge will be administered to the department. However, wire transfer is recommended in terms of timely remittance and reliability.

Refer to the procedure on processing of Bank Drafts.

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RECORDS

Departments entering requisitions under their own business unit maintain their own records. All other documents are filed in Accounts Payable. All records are maintained for 7 years (2 years in AP and the balance in storage).

ERROR CORRECTION/EXPLANATIONS OF POSTED ENTRIES

It is the responsibility of all processing Departments to be able to:
- Locate all supporting documentation.
- Analyse data to determine resolution of any queries.
- Process journal vouchers for error correction if necessary.

UPDATED

This policy was updated on August 24, 2010.