

FINANCIAL FOOTNOTES

A publication of ASU Financial Services

Spring 2008
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Areas within Financial Services include:

Advantage Financial System

Provides oversight of the financial system including responsibility for Advantage web reports, Advantage Helpline assistance, and Advantage training.

Financial Accounting Services and Financial Reporting

Provides accounting services for state, local, auxiliary enterprises, agency, technology and research initiative funds, and handles external financial reporting, including the preparation of ASU's annual audited financial report. The Financial Services Office contact for your agency/org is listed on the Advantage Reports. Financial controls, commitment (payroll) accounting, accounts payable, and travel reimbursements departments are also in this area. This area also provides training to departments on the use of the financial data warehouse and preparation of payroll redistribution entries.

Capital Projects Accounting and Debt Administration

Provides accounting services for the unexpended plant funds (plant projects), debt service, and net investment in plant accounts.

Student Business Services

Provides various student related services including student account billing and collection, tuition and fee assessment, financial aid refunds, and cashiering services. Also included in this area are investment, endowment, and financial aid accounting. Student Business Services manages ASU's overall banking relationship including department deposits, cash management, and e-commerce payments.

Tax Issues and Guidance

Provides assistance on university tax compliance matters, such as foreign visitor payments, moving expense reimbursements, independent contractor determinations, compensation, and unrelated business income.

New Vendor Payment Option

Accounts Payable is implementing JPMorgan Chase AP TracSM, which is an electronic payment program that provides for the secure delivery of MasterCard payments over the JP Morgan Business Settlement Network (JBSN). JPMorgan Chase is the current Purchasing Card (P-Card) provider for ASU. Vendors who participate in this program will no longer receive check payments. Instead, the vendors will receive their payments electronically through MasterCard. The University's current vendors will be contacted in phases regarding participation in the AP Trac program. Participation by vendors in this program is voluntary. Those vendors who decide to participate in AP Trac will need to enroll in the program. The new AP Trac process does not change the way payments are being handled by University departments. University departments will continue to process requisitions, purchase orders, receivers, vendor invoices, and payment vouchers as they are processed currently. The only difference departments will notice is beginning in late May 2008 any payments made through this program will appear as EF EVP transactions, rather than AD # sequence currently seen in Advantage tables when checks are produced through the automatic disbursement process. This program is ideal for any vendors looking to settle their receivables electronically, maximize the use of automation, and efficiently manage business operations. If there are any questions about this program, please e-mail APEVP@asu.edu.

POLICY CHANGES EFFECTIVE JULY 1, 2008

ASU FINANCIAL SERVICES POLICY

FIN 401-03 - PROHIBITED TRANSACTIONS

Payments for internet service charges incurred at a non-university location on or after July 1, 2008 will be considered prohibited transactions on all University accounts regardless of the account's funding source.

The services that can no longer be reimbursed include, but are not limited to, internet services at an employee's home or off campus office in space not owned/rented by the University. Internet related expenses incurred while in approved ASU travel status will continue to be reimbursed though ASU Travel claims submitted to the ASU Travel Department.

Internet service charges incurred for service periods prior to July 1, 2008 (e.g. monthly billing cycles which begin before July 1, 2008) will be reimbursed if appropriate documentation is submitted to the ASU Accounts Payable Department. Any departments that directly pay vendors for these expenses on behalf of ASU employees (such as through Accounts Payable or by use of an ASU Purchasing Card) need to discontinue such payments if made with University funds, for any service periods which begins on or after July 1, 2008.

ASU Foundation accounts are also not available for use to process this type of reimbursement or direct vendor payment.

Also, effective July 1, 2008 disbursements made by the ASU Foundation on behalf of ASU departments will be limited to those reimbursements described below. This is a change to Foundation policy. Any questions regarding this change should be directed to Mary Wheeler, Assistant Vice President – Business Services Support, ASU Foundation or Virginia (Ginny) Foltz, Controller, ASU Foundation.

ASU FOUNDATION DISBURSEMENTS

The ASU Foundation (the "Foundation") mission is to advance the Arizona State University (the "University") as a New American University. All Foundation disbursements are in direct support of the University or the Foundation and are for reasonable and customary business expenses. Direct Foundation disbursements will be for **cultivation, solicitation, stewardship and recognition activities** related to past, present and future donors, including the associated administrative expenses, and other expenses as agreed upon by the University and Foundation. All other expenses must be paid from University local accounts. Funds should be disbursed to the University from Foundation accounts before the related expenses are incurred at the University.

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Prepayments - FIN 401-03

State of Arizona law typically prohibits entities of the State (including ASU) from making payments in advance of the receipt of the related goods or the rendering of the related services. Payments made in advance of the receipt of goods and services are referred to as prepayments. However, there are limited circumstances when prepayments are allowed.

Requirements to make a prepayment:

- 1) The prepayment is considered standard industry practice. For example, if there is a normal industry practice that conference registrations be paid in advance, then the prepayment of conference registrations meet this requirement for prepayment. Other examples would include airfare, subscriptions, and annual service contracts on equipment.
 - Typically prepayments in this category will not need additional documentation or approvals, unless there is a question regarding the existence of standard industry practice for the payment in question.
- 2) The prepayment is in the best interest of ASU. For example, a department is ordering a microscope built to its unique specifications and a down payment is a vendor requirement prior to the beginning of assembly. If the microscope is critical to the mission of the department and the prepayment will guarantee the timely completion and delivery of the microscope, then it may be determined to be in the best interest of the University to make the prepayment.
 - A prepayment authorization form is to be completed.
 - All prepayments in this category must be approved by John Riley, Executive Director of Purchasing (in all cases) and Gerald E. Snyder, Associate Vice President for Finance and Treasurer (in all cases when the vendor is not a sole source vendor). If the vendor is a sole source only John Riley's approval is required.
- 3) The prepayment is being made using a university approved **small** dollar purchase method. Purchases made using a University issued Purchasing Card (P Card) are automatically exempted from this policy, when made in compliance with all other applicable University policies and procedures.

Contact: Yung Briner at 5-7403

Financial Services Forms: <http://asu.edu/fs/forms/forms.html>
University's P Card Program: <http://www.asu.edu/purchasing/stores/card/>

Moving Expenses

Summer is often the time that new hires move to Arizona in anticipation of starting work at ASU in the new fiscal year or the fall semester. ASU moving expense policy is covered in **FIN 420-03**. Each vice presidential area determines eligibility for moving expense reimbursement and the maximum amount of reimbursement.

Any moving expense authorization amount is to be specified in the employment offer letter. To avoid confusion on the part of the new hire, the offer letter needs to make clear the moving expense allowance is a reimbursable allowance based on actual costs and original receipts. Hiring departments providing moving expense allowances should refer new hires to FIN 420-03 for more information.

Moving expenses are generally charged to local accounts, as state funds may not be used to pay employee moving expenses. Grant and contract agreements typically prohibit the use of sponsored funds for moving expenses.

Moving expenses are claimed by completing the Employee Moving Expense Reimbursement Worksheet and the Optional Information Sheet, as needed. All moving expense reimbursement claims must be submitted through Financial Services on the Tempe campus or Business Services at the West campus.

Moving expenses are reimbursed in two ways. Deductible moving expenses are nontaxable to the employee and are paid through the payment voucher (PV) process using expenditure code 7390 36. Deductible expenses are those that could be taken as a deduction on the new hire's personal tax return if ASU was not paying for them. Deductible expenses are listed in Part A of the worksheet.

Nondeductible moving expenses are those that the university chooses to reimburse, but which could not be taken as a deduction on the employee's personal tax return. Typical nondeductible expenses are listed in Part B of the worksheet. Part B reimbursements are processed through the payroll process because they must be treated as wages for tax withholding and reporting purposes. No payroll action is required by the department; Financial Services forwards a copy of the Part B reimbursement to payroll for processing.

Departments may also make payments directly to moving companies for approved employee moving expenses. Payments up to \$5,000 do not require a purchase order and may be paid using a PV or P Card. Moving expenses over \$5,000 can only be paid to a moving company under university contract and require an RX document to generate a PO.

Contact: Debby Monninger at 5-9890

Training offered by Financial Services:

- Advantage* (asu.edu/fs/documents/advantage/advantage_course_information.pdf)
- ASU Business Administrators Symposium*
- Cash Handling (pcard.asu.edu/eTraining/web/)
- ASU Financial Controls Workshop*
- P Card Training (pcard.asu.edu/eTraining/web/)
- Travel Policy and Procedures*
- MyASU Travel Application (asu.edu/fs/travel/myasutaveltraining.html)
- Financial Data Warehouse Training*

- Payroll Redistribution Training*
- Moving Expense Reimbursement Process*
- ASU and Foreign Visitors - Immigration and Tax Issues*
- Student Finance: View Student Financial Information (myasucourses.asu.edu; course search: Oasis)

* An employee can register for these classes through the HR website at www.asu.edu/hr/training. Once on that site:

1. Select Course Search
2. Employees will login using their ASUrite id and password
3. Under Training Catalog – Select Course Search
4. Select ASU Business Operations